



Presentation on the Financial Results for the Fiscal Year Ended March 2018

May 9, 2018



MIRAIT Holdings Corporation

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I. Overview of the Financial Results for the Fiscal Year Ended March 2018

1. Financial Results for the Fiscal Year Ended March 2018

Unit: bil. yen	FYE March 2017	FYE March 2018	YoY Change	
			Amount	%
Orders received	323.3	326.3	+ 3.0	+ 0.9%
Net sales	283.2 (100%)	312.9 (100%)	+ 29.7	+ 10.5%
NTT	98.2	100.5	+ 2.3	+ 2.3%
Multi-carrier	76.9	84.1	+ 7.2	+ 9.4%
Environmental & Social Innovation	42.0	43.6	+ 1.6	+ 3.8%
ICT Solution	65.9	84.6	+ 18.7	+ 28.4%
Gross profit (Gross profit margin)	33.5 (11.8%)	39.7 (12.7%)	+ 6.2 (+ 0.9p)	+ 18.5%
SG&A (SG&A ratio)	23.4 (8.3%)	23.0 (7.4%)	- 0.4 (- 0.9p)	- 1.7%
Operating income (Operating income ratio)	10.0 (3.5%)	16.7 (5.3%)	+ 6.7 (+ 1.8p)	+ 67.0%
Ordinary income (Ordinary income ratio)	10.5 (3.7%)	17.8 (5.7%)	+ 7.3 (+ 2.0p)	+ 69.5%
Net income (Net income ratio)	6.4 (2.3%)	11.5 (3.7%)	+ 5.1 (+ 1.4p)	+ 79.7%
Construction account carried forward	114.8	128.2	+ 13.4	—

Key Highlights

Record-high net sales and operating income

- Orders received: Up by 3.0 bil. yen yoy to 326.3 bil yen, due to the increase in orders in ICT Solutions.

Orders received (Unit: bil. yen)	FYE March 2017	FYE March 2018	
	Full-year Results	Full-year Results	YoY Change
NTT	104.2	97.5	- 6.7
Multi-carrier	88.6	88.3	- 0.3
Environmental & Social	59.0	54.3	- 4.7
ICT	71.4	86.0	+ 14.6
Total	323.3	326.3	+ 3.0

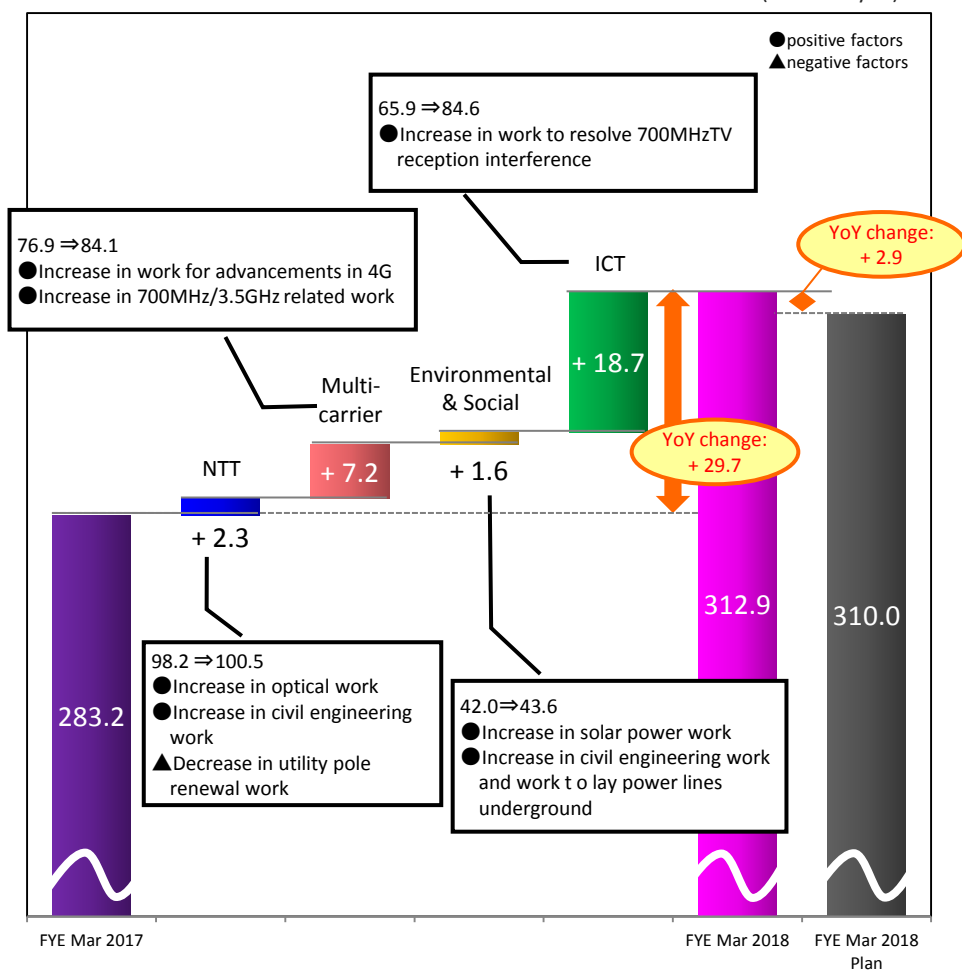
- Net sales: Up significantly by 29.7 bil. yen yoy to 312.9 bil. yen due to sales growth across all business categories.
- Gross profit: Up by 6.2 bil. yen yoy to 39.7 bil. yen, reflecting the increase in net sales and improved margins across all businesses.
- SG&A: Down by 0.4 bil. yen yoy to 23.0 bil. yen. SG&A ratio also improved.
- Operating income: Up significantly by 6.7 bil. yen yoy, to 16.7 bil. yen.
- Construction account carried forward: Record-high level of 128.2 bil. yen (+13.4 bil. yen yoy).

Detailed Analysis of Net Sales [YoY Comparison]

- **NTT:** Increase in optical and civil engineering work.
- **Multi-carrier:** Increase in work for advancements in 4G and for 700MHz/3.5GHz.
- **Environmental & Social Innovation:** Increase in solar power work, civil engineering work and work to lay power lines underground.
- **ICT Solutions:** Increase in work to resolve 700MHz TV reception interference and PBX/ LAN cabling work.

Net sales

(Unit: bil. yen)

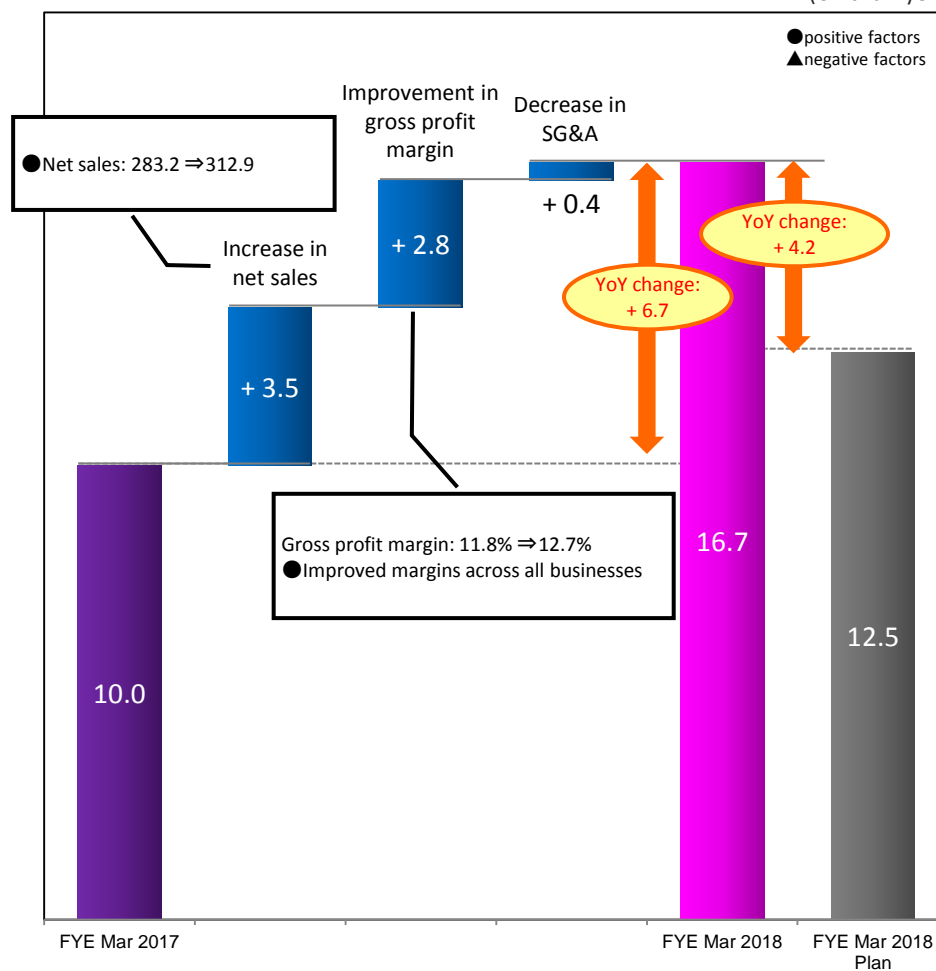


Detailed Analysis of Operating Income [YoY Comparison]

- **Impact of increase in net sales:** +3.5 bil. yen
- **Impact of improved margins across all businesses:** +2.8 bil. yen
- **Impact of decrease in SG&A:** +0.4 bil. yen




Operating income




(Unit: bil. yen)



2. Summary by Business Category

○ positive factors
▲ negative factors

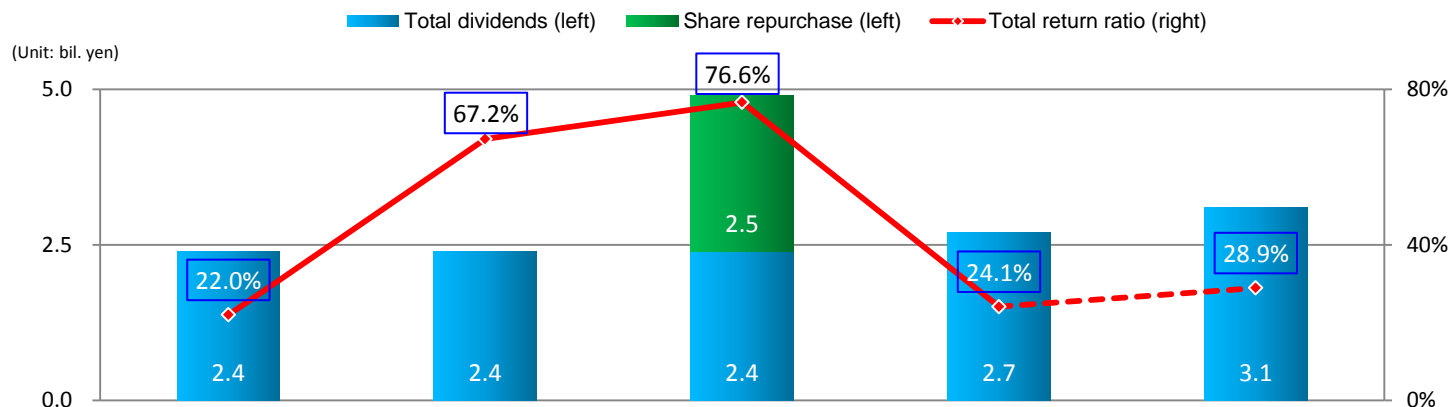
Item (Unit: billion yen)	Key Highlights	
<p>NTT</p> <p>Orders received : 97.5 (YoY change : - 6.7)</p> <p>Net sales : 100.5 (YoY change : + 2.3)</p>	<p>【Orders received】 ▲ Down due to decrease in utility pole renewal work.</p> <p>【Net sales】 ○ Up due to increase in optical line connection and civil engineering work.</p> <p>(Details on change in net sales)</p> <ul style="list-style-type: none"> ○ Increase in optical line connection work (net sales: +4% yoy) ○ Increase in civil engineering work (net sales: +18% yoy) ○ Increase in facility management (net sales: +27% yoy) 	 <p>Work for optical line connections</p>
<p>Multi-carrier</p> <p>Orders received : 88.3 (YoY change : - 0.3)</p> <p>Net sales : 84.1 (YoY change : + 7.2)</p>	<p>【Orders received】 ▲ Down due to decrease in global business, despite increase in work for KDDI and Softbank.</p> <p>【Net sales】 ○ Up due to work for advancements in 4G and pick-up in 700MHz/3.5GHz-related work.</p> <p>(Details on change in net sales)</p> <ul style="list-style-type: none"> ○ Increase in work for advancements in 4G and 700MHz/3.5GHz-related work (net sales: +14% yoy) ○ Increase in work to improve reception quality in railway facilities (net sales: +23% yoy) ▲ Decrease in global business (Australia, Myanmar) due to slowdown in investments by major carriers (net sales: -20% yoy) 	 <p>Work for advancements in 4G</p>
<p>Environmental & Social Innovation</p> <p>Orders received : 54.3 (YoY change : - 4.7)</p> <p>Net sales : 43.6 (YoY change : + 1.6)</p>	<p>【Orders received】 ▲ Down due to cancellations in middle solar work, despite wins in large-scale mega solar work.</p> <p>【Net sales】 ○ Up due to increase in solar power work, civil engineering work and work to lay power lines underground.</p> <p>(Details on change in net sales)</p> <ul style="list-style-type: none"> ○ Increase in solar power work (net sales: +17% yoy) ○ Increase in work to lay power lines underground (net sales: +54% yoy) 	 <p>Work to lay power lines underground</p>

Item (Unit: billion yen)	Key Highlights
<p>ICT Solutions</p> <p>Orders received : 86.0 (YoY change : + 14.6)</p> <p>Net sales : 84.6 (YoY change : + 18.7)</p>	<p>【Orders received】 ○ Up due to increase in work to resolve 700MHz TV reception interference and domestic PBX/LAN cabling work.</p> <p>【Net sales】 ○ Up due to increase in work to resolve 700MHz TV reception interference and domestic PBX/LAN cabling work.</p> <p>(Details on change in net sales)</p> <ul style="list-style-type: none"> ○ Increase in work to resolve 700MHz TV reception interference (net sales: +220% yoy) ○ Increase in domestic PBX/LAN cabling work (net sales: +27% yoy)  <p>PBX/ LAN cabling work</p>
<p>Improvement in profitability</p> <p>SG&A ratio : 5.3% (YoY change : + 1.8p)</p>	<ul style="list-style-type: none"> ○ Improved margins due to efforts to enhance productivity <ul style="list-style-type: none"> ⇒ Margin improvement through reduction of indirect costs by consolidating offices and through streamlining of operations (NTT) ⇒ Smoothing construction workload, adoption of systems, promoting group-oriented management, etc. (Multi-carrier) ○ Decrease in unprofitable projects due to strengthening of standards to assess projects before accepting orders and for on-going project management (Environment & Social Innovation/ ICT Solutions) <ul style="list-style-type: none"> ⇒ Tighter standards focusing on profitability when receiving orders. ⇒ Strict management of project-level profits, including indirect costs, and provision for loss on construction contracts. ○ Reduction of SG&A expenses (-0.4 bil. yen yoy) <ul style="list-style-type: none"> ⇒ Cost reduction through thorough review of contracts, etc. (coping, telecom, insurance, etc.) ⇒ Reduction in rental expenses by growing own assets. (company housing for single employees, etc.) ⇒ Cost reduction by analyzing and benchmarking expense items at Mirait and Mirait Technologies.  <p>Company housing for single employees</p>
<p>Strengthening of business base</p>	<ul style="list-style-type: none"> ○ Strengthening of sales and construction work capabilities <ul style="list-style-type: none"> ⇒ Aug: Acquired Nishinohon Denko (strengthening of electrical work capability in Kyushu) ⇒ Oct: Acquired full ownership in Nisshin Tsuko (strengthening of mobile work capabilities in Hokkaido, Tohoku, Kanto, etc.) ○ Strengthening of capabilities at subsidiaries to handle directly-managed projects <ul style="list-style-type: none"> ⇒ Nov: Todentsu Access established Line Connect to handle directly managed projects. ○ Strengthening of business base through restructuring of subsidiaries <ul style="list-style-type: none"> ⇒ Merger of Lantrovision and Mirait Singapore (Overseas) ⇒ Merger of Mirait Information Systems and MIS Kyushu (Software)  <p>Lantrovision</p>

3. Shareholder Returns

- Comprehensive decisions on shareholder returns will be made based on the Company's basic policy to pay dividends consistently and its total shareholder return target of more than 30%, while also taking into consideration the Company's business results and cash position, among other factors.
- FYE 3/2018: Increase in year-end dividend by 5 yen, for a total of 35 yen in annual dividend per share (interim: 15 yen, year-end: 20 yen).
- FYE 3/2019: Annual dividend forecast of 40 yen per share (interim : 20 yen, year-end: 20 yen).

Shareholder Returns



		FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (forecast)
Total dividends		2.4 bil. yen	2.4 bil. yen	2.4 bil. yen	2.7 bil. yen	3.1 bil. yen
Net income		11.1 bil. yen	3.6 bil. yen	6.4 bil. yen	11.5 bil. yen	11.0 bil. yen
Annual dividends per share	Interim	15 yen	15 yen	15 yen	15 yen	20 yen
	Year-end	15 yen	15 yen	15yen	20 yen	20 yen
	Total	30 yen	30 yen	30yen	35 yen	40 yen
Share repurchase		—	—	2.5 bil .yen	—	—
Consolidated dividend payout ratio		22.0%	67.2%	37.6%	24.1%	28.9%
Consolidated total return ratio		22.0%	67.2%	76.6%	24.1%	28.9%
ROE		9.5%	3.0%	5.2%	8.8%	7.8%



II. Business Plan for the Fiscal Year Ending March 2019

1. Business Plan for the Fiscal Year Ending March 2019

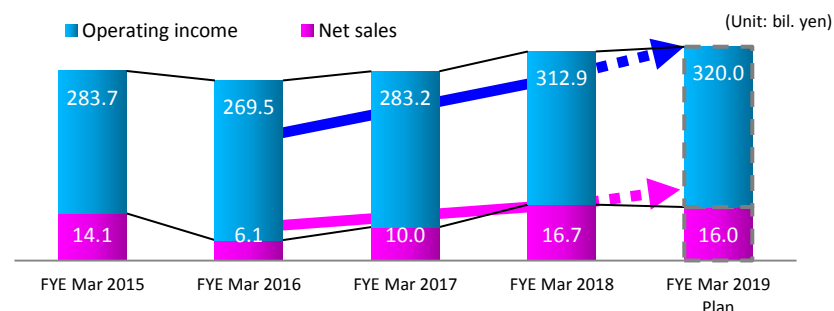
Unit: bil. yen	FYE March 2018	FYE March 2019	YoY Change	
			Amount	%
Orders received	326.3	315.0	- 11.3	- 3.5%
Net sales	312.9 (100%)	320.0	+ 7.1	+ 2.3%
NTT	100.5	96.0	- 4.5	- 4.5%
Multi-carrier	84.1	84.0	- 0.1	- 0.1%
Environmental & Social Innovation	43.6	54.0	+ 10.4	+ 23.9%
ICT Solution	84.6	86.0	+ 1.4	+ 1.7%
Gross profit (Gross profit margin)	39.7 (12.7%)	39.2 (12.3%)	- 0.5 (- 0.4p)	- 1.3%
SG&A (SG&A ratio)	23.0 (7.4%)	23.2 (7.3%)	+ 0.2 (- 0.1p)	+ 0.9%
Operating income (Operating income ratio)	16.7 (5.3%)	16.0 (5.0%)	- 0.7 (- 0.3p)	- 4.2%
Ordinary income (Ordinary income ratio)	17.8 (5.7%)	16.8 (5.3%)	- 1.0 (- 0.4p)	- 5.6%
Net income (Net income ratio)	11.5 (3.7%)	11.0 (3.4%)	- 0.5 (- 0.3p)	- 4.3%
ROE	8.8%	7.8%	- 1.0p	—

Key Highlights

Review group-oriented management structure and promote profit-oriented project management

- Net sales: Up by 7.1 bil. yen yoy to 320.0 bil. yen. Slow-down in the NTT business due to the decline in utility pole renewal work will be offset by the growth in the Environmental & Social Innovation business through efforts to increase work for mega-solar projects.

<Historical performance and forecast>



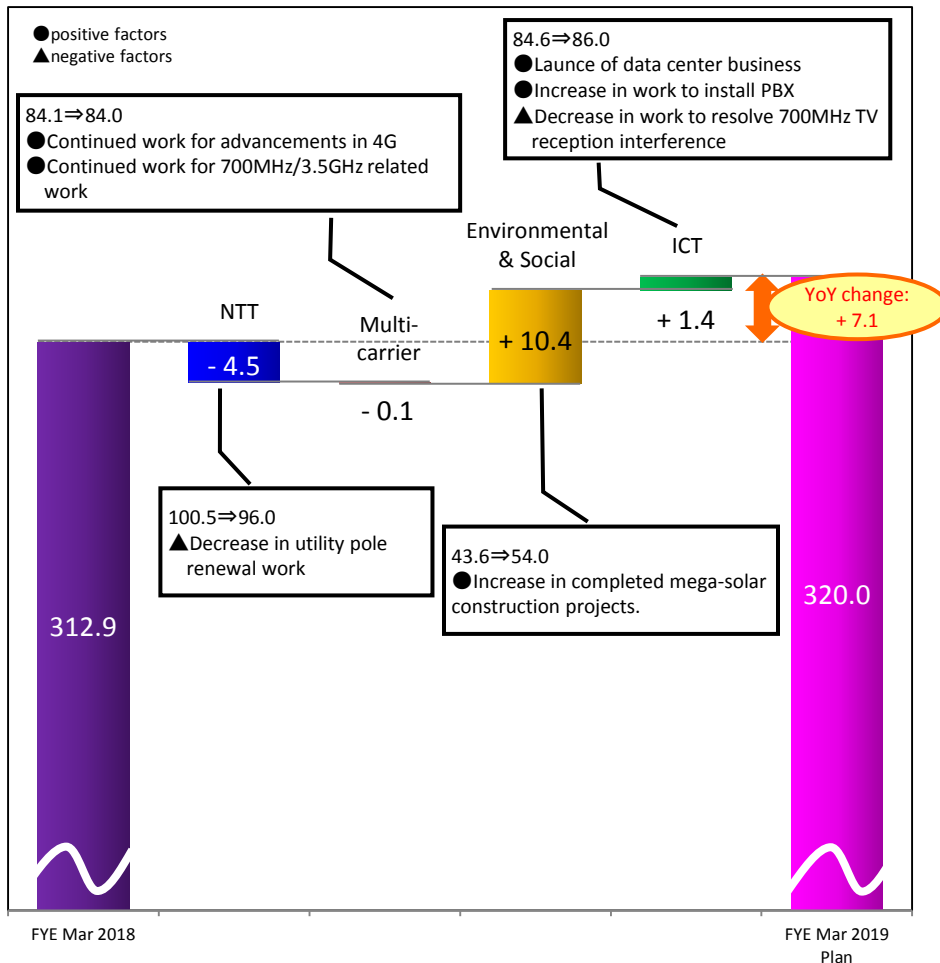
- Gross profit: Down by 0.5 bil. yen yoy to 39.2 bil. yen reflecting a decline in gross profit margin due to change in segment mix, despite increase in net sales.
- SG&A: Slight increase of 0.2 bil. yen yoy to 23.2 bil. yen, but SG&A ratio expected to improve.
- Operating income: Down by 0.7 bil. yen yoy to 16.0 bil. yen.
- Net income: Down by 0.5 bil. yen yoy to 11.0 bil. yen.
- ROE forecast: 7.8%

Detailed Analysis of Net Sales [YoY Comparison]

- NTT: Decrease in access work such as utility pole renewals.
- Multi-carrier: Flat yoy due to continued demand for work for advancements in 4G and 700MHz/3.5GHz-related work.
- Environmental & Social Innovation: Increase in completed mega-solar construction projects.
- ICT Solutions: Increase in data center business and work to install PBX, etc.

Net sales

(Unit: bil. yen)

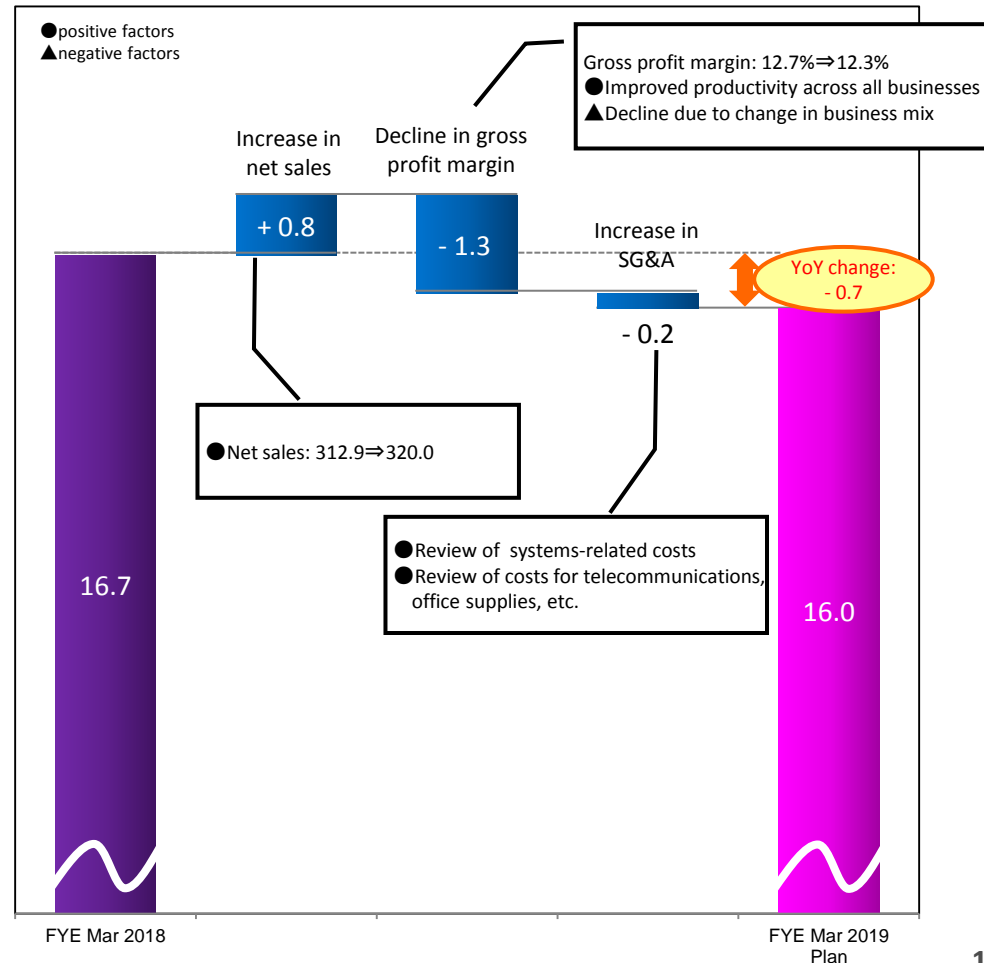


Detailed Analysis of Operating Income [YoY Comparison]

- Impact of increase in net sales: +0.8 bil. yen
- Impact of decline in gross profit margin due to change in business mix: -1.3 bil. yen. However, the negative impact from the change in should be offset by improved productivity across all businesses.
- SG&A: Increase by 0.2 bil. yen, but SG&A will be controlled through efforts to promote operational efficiency.

Operating income

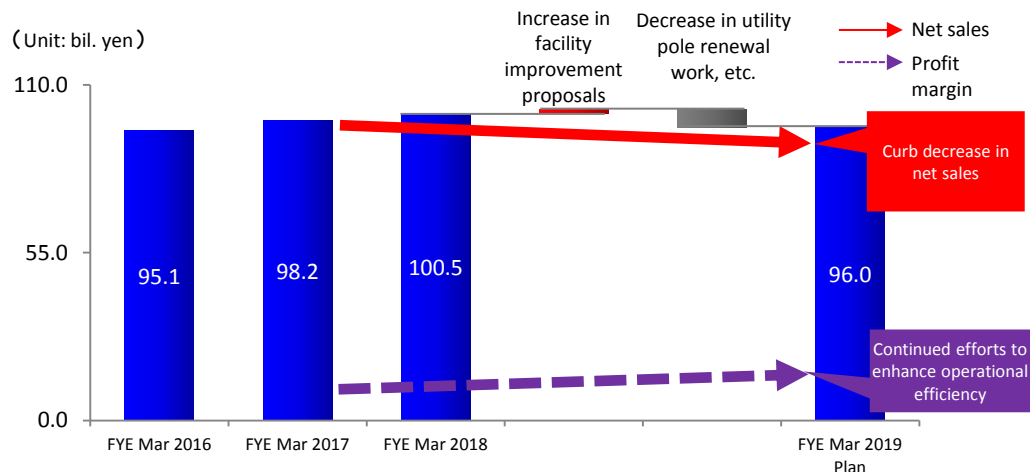
(Unit: bil. yen)



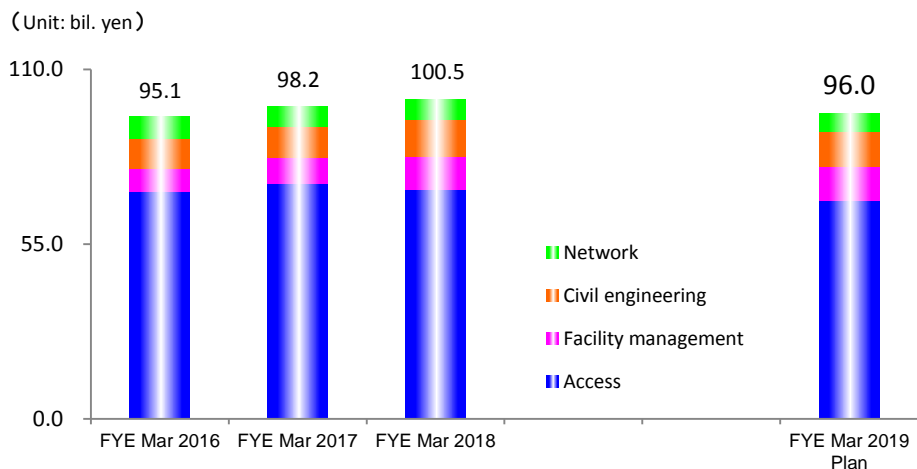
2. Trends in the NTT Business

- NTT's investment activities continue to slow down, but non-capex work (accounted for by NTT as operating expense), such as those to remove lead-in wires, remain abundant.
- The decline in net sales due to the decrease in access-related work such as utility pole renewals is being off-set by proactive efforts around facility improvement proposals and expansion of facility management business, among others.
- Improving margins through efforts to promote operational efficiency and to smooth construction workload.

Net sales



Breakdown of net sales



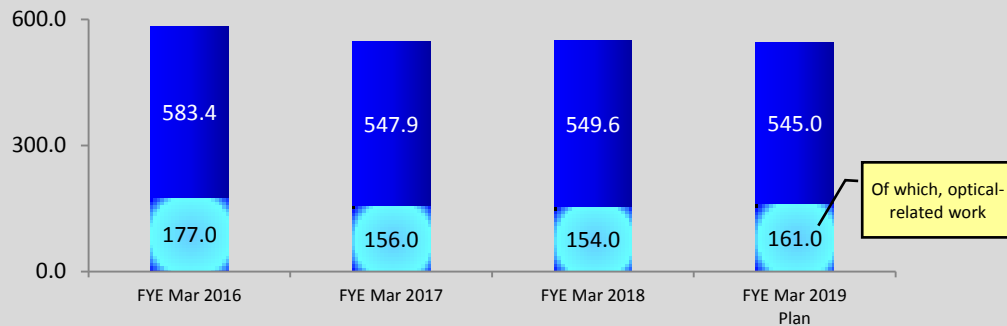
Key initiatives

		Initiatives
Sales growth	Facility improvement proposals	<ul style="list-style-type: none"> • Adopt new approach to selling proposals (front-office) • On-going efforts to sell proposals (to avoid problems around facility failures and service) ⇒ net sales: +40% yoy
	Facility management	<ul style="list-style-type: none"> • Expand number of buildings for on-premises maintenance in West Japan area ⇒ FYE 3/2018: 222 → FYE 3/2019: 341 buildings (+119)
	Civil engineering	<ul style="list-style-type: none"> • Promote civil engineering business ⇒ Net sales of roughly 10bil. yen for 2 consecutive years
Profit growth	Establishing an efficient operation system	<ul style="list-style-type: none"> • Consolidate office locations to reduce back office operations and improve efficiency ⇒ Consolidate offices in Tokyo/ Kanagawa/ Chiba in 2018-2019 (16 locations in total → 10 locations) ⇒ Consolidation of office locations to be considered in Saitama and Gunma
	Promoting use of IT	<ul style="list-style-type: none"> • Improve efficiency of operational processes ⇒ Achieve operational efficiency through use of smartphones and tablets
	KAIZEN activities	<ul style="list-style-type: none"> • Continued KAIZEN activities to enhance productivity ⇒ Promote KAIZEN initiatives ⇒ Implement initiatives across the Group
	Enhancing work capabilities	<ul style="list-style-type: none"> • Enhance in-house capabilities at subsidiaries ⇒ Establishment of Line Connect • Support subcontractors to expand their capabilities (develop "multi-skilled" subcontractors)

※Under the Hikari Collaboration model, a company borrows NTT's optical lines and offers its own service as a package.

Capital investments by NTT East and NTT West

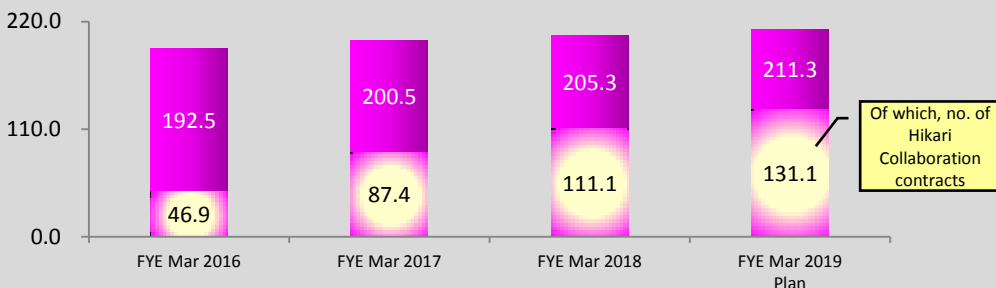
(Unit: bil. yen)



(Notes) NTT figures based on IFRS from FYE 3/2018 (Regional communications business)

(Reference) No. of NTT optical line contracts

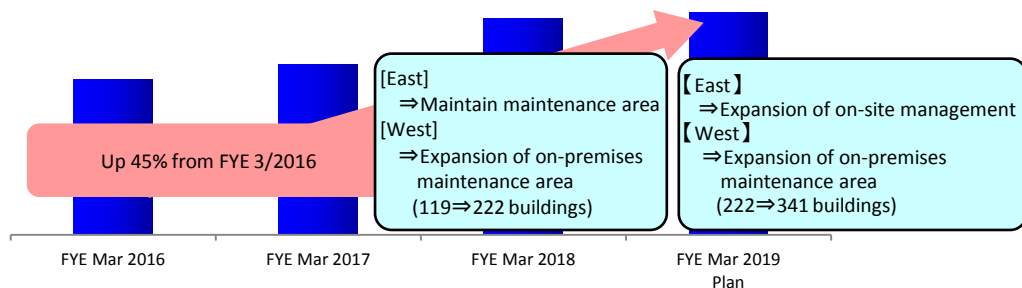
(Unit: million subscribers)



Source: MIRAIT from company information



Growth in facility management operations

- Repairs and management of facilities in certain work areas are now fully outsourced from NTT to MIRAIT.



Example of efforts to promote facility improvement proposals

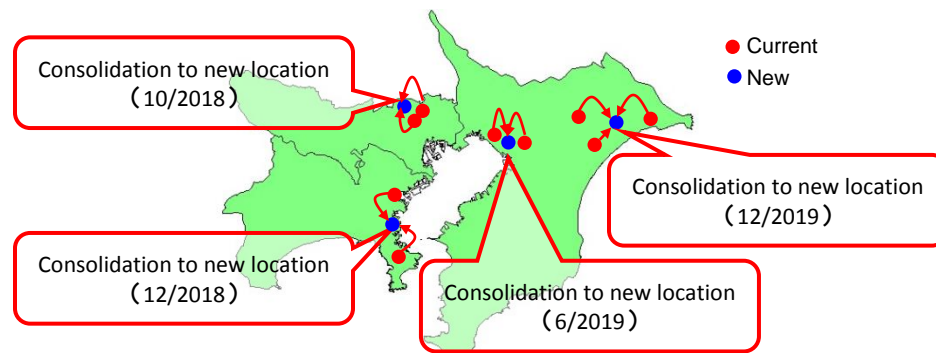
- Cross-divisional sharing of facility improvement proposals through KAIZEN activities

No	project name
1	Inspection of hanging wires using drones • Evaluated inspection results using systems • Proposed renewal work based on evaluation results  
2	Proposal for cable replacement based on findings from regular inspections
3	Proposal to replace underground metal cables
4	Proposal to resolve difficulty in cable maintenance

Initiatives to improve productivity

Consolidation of offices

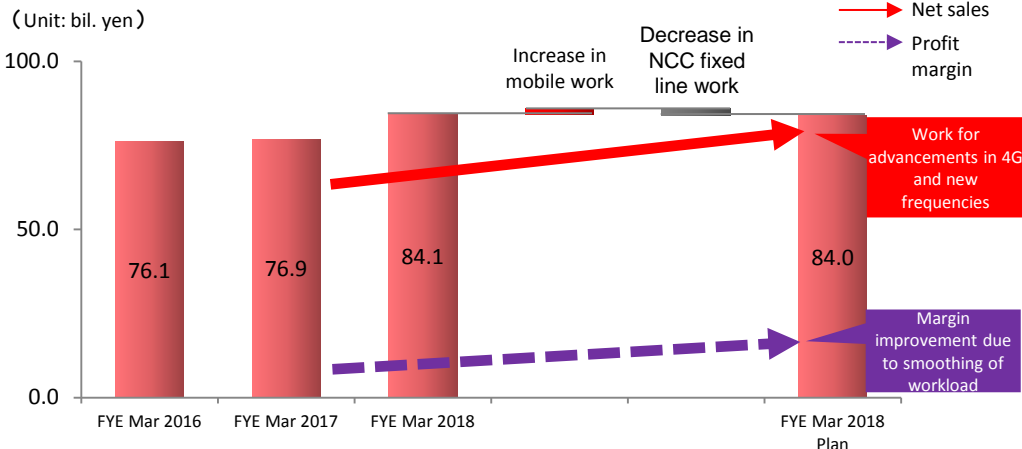
- Consolidation of offices to resolve inefficiencies caused by dispersion of locations
 ⇒ Plan to reduce offices by approx. 30% (70→ roughly 50 locations across Japan)
 ⇒ Plan to consolidate offices in Tokyo/ Kanagawa/ Chiba between 2018-2019
 ⇒ Further consolidation to be considered in Saitama and Gunma



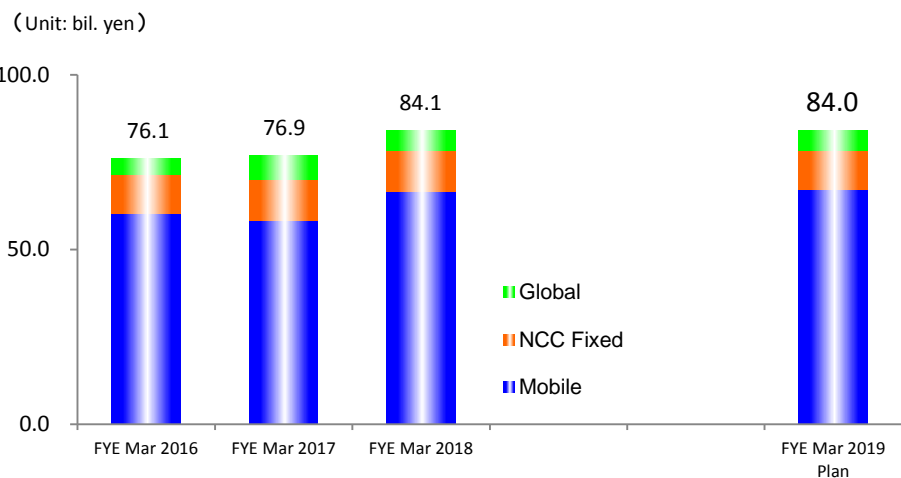
3. Trends in the Multi-carrier Business

- Investment activities of mobile carriers remain strong on the back of continued demand in work for advancements in 4G and 700MHz/3.5GHz-related work.
- Construction work for 1.7GHz and 3.4GHz new frequency bands allocated to mobile carriers is expected to begin during the current fiscal year.
- Both sales and profits are expected to increase as a result of efforts to smooth construction workload and to improve profitability.

Net sales



Breakdown of net sales



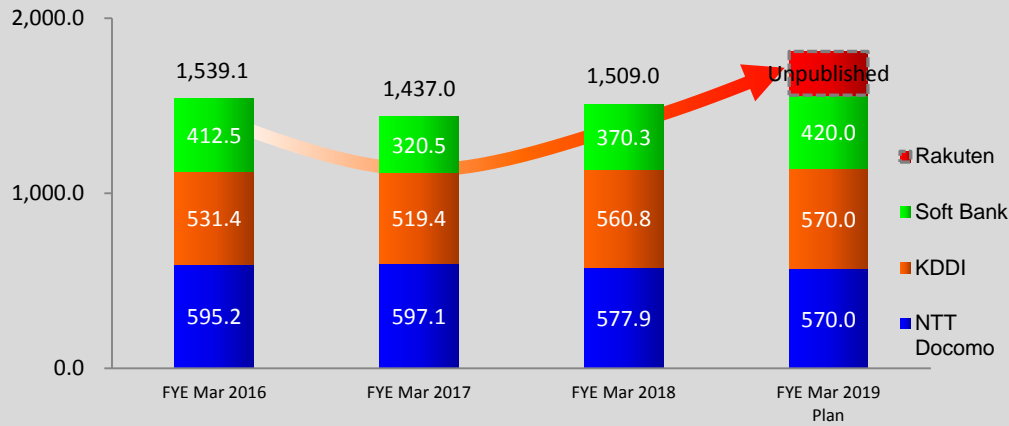
Key initiatives

	Initiatives	
Sales growth	Growth in work for advancements in 4G/ new frequencies	<ul style="list-style-type: none"> Maintain net sales in mobile work at levels comparable to the previous year <ul style="list-style-type: none"> ⇒ Expand work for advancements in 4G ⇒ 3.5GHz/700MHz-related work ⇒ Expand work in line with allocation of new frequencies (1.7GHz, 3.4GHz)
	Work to improve reception quality	<ul style="list-style-type: none"> Large projects for railway facilities (private rail in Tokyo, subway, etc.) Redevelopment projects (Tokyo) Projects for stadiums and other sports facilities
	New businesses	<ul style="list-style-type: none"> Participate in 5G trial work as open partner Aerial photography using drones (for disaster prevention, etc.) Radio broadcasting facilities work (for highways)
Profit growth	Smoothing of workload	<ul style="list-style-type: none"> Win orders in advance identifying projects early, execute construction work according to plan Sharing and appropriate allocation of resources (at subsidiaries and subcontractors)
	Reduction of cost of sales	<ul style="list-style-type: none"> Cooperation among subsidiaries, elimination of operational overlap, consolidation of design function Streamline operations using systems and better operational flow Achieve appropriate unit order prices, review of outsourcing costs
	Global	<ul style="list-style-type: none"> Improve gross margins, reduce fixed costs (Australia) Take measures to stabilize operations following the decline in sales (Myanmar)

Capital investments by the three major mobile carriers

- Increase in capital investments with the pick up in work for advancements in 4G and new frequencies

(Unit: bil. yen)



Source: MIRATI from company information

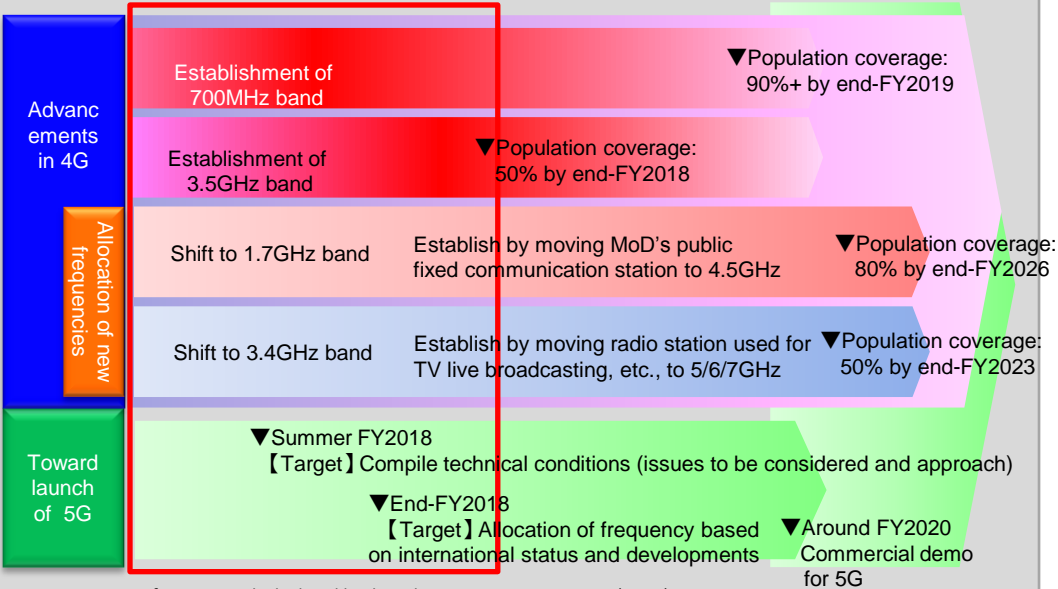
(Notes) 1. NTT figures based on IFRS from FYE 3/2018
2. The amount shown for Softbank is for domestic telecommunications business only.

Trends in the mobile business

FY 2018

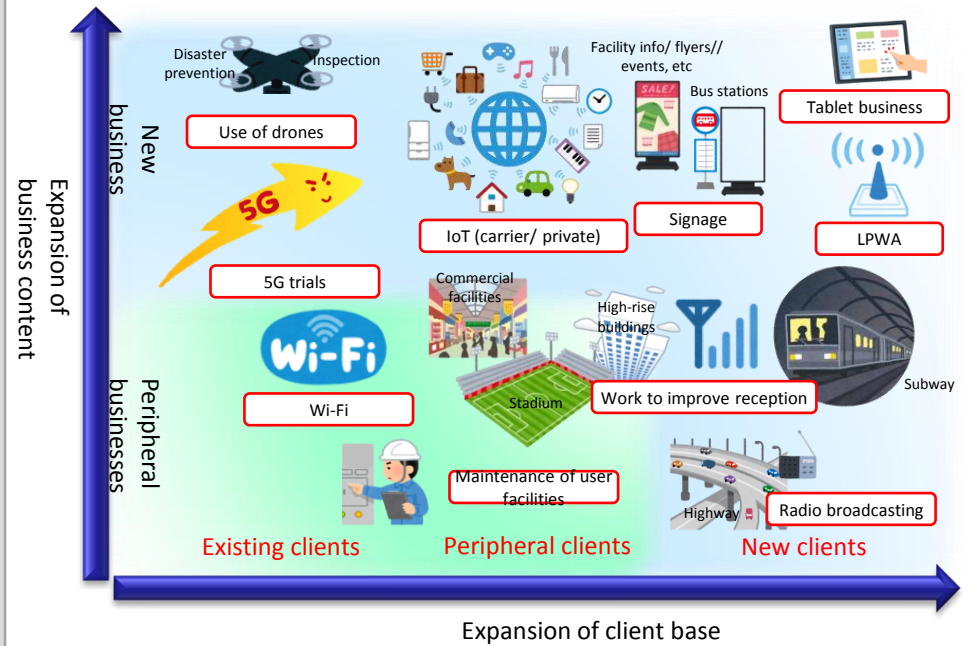
FY 2019

FY 2020~

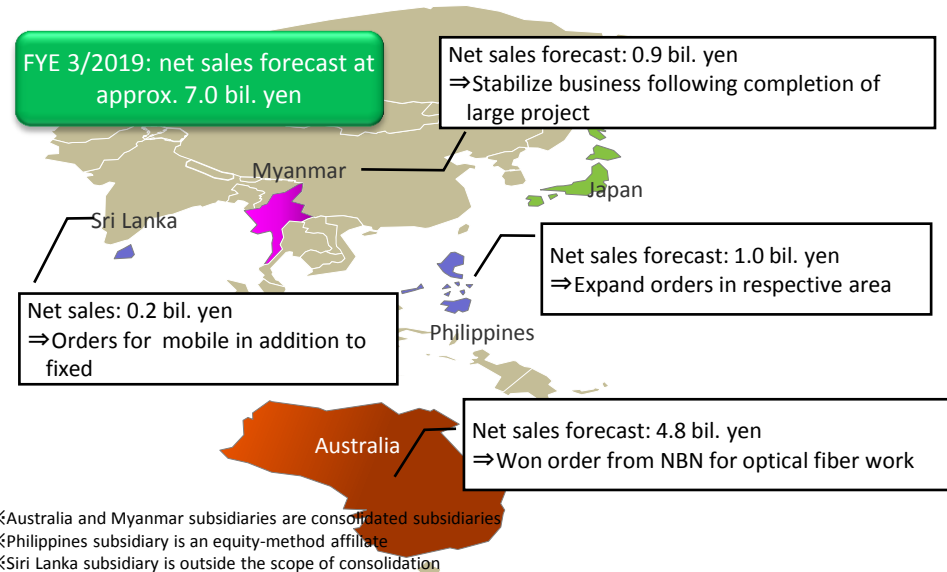


Source: MIRAIT from materials disclosed by the Telecommunications Bureau (MIAC)

Expanding business and client base in multi-carrier



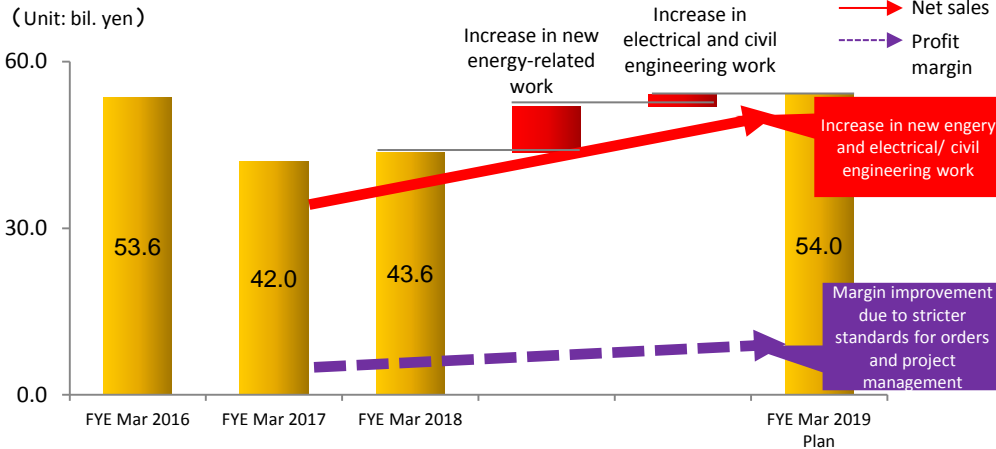
Initiatives in global business



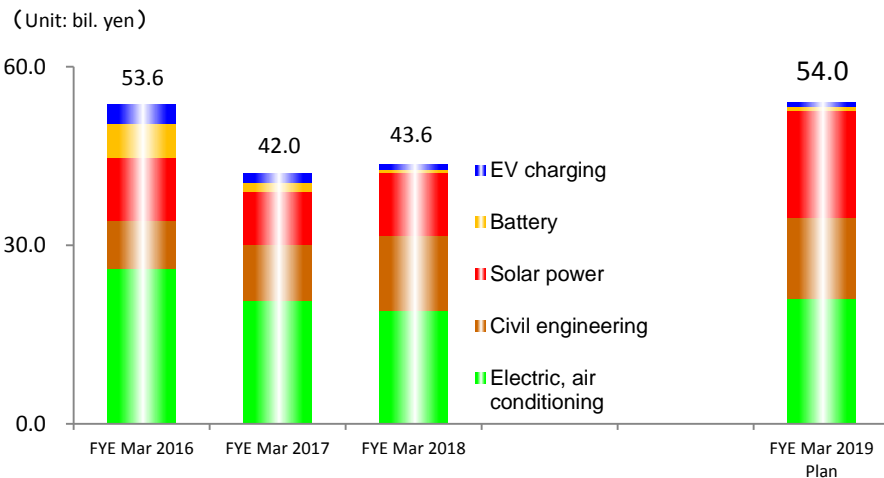
4. Trends in the Environmental & Social Innovation Business

- Focus on expanding mega-solar construction work and **O&M business** in solar power business.
- **Expand work to install EV chargers and rechargeable batteries** in light of the penetration of ZEH and the upcoming 2019 problem in the new energy business.
- Focus on growing orders for **infrastructure-related work** (laying power lines underground, installing LEDs and road lighting, etc.) toward 2020.

Net sales



Breakdown of net sales



Key initiatives

Initiatives	
New Energy	<p>【Solar power】</p> <ul style="list-style-type: none"> • Mega-solar construction projects (Miyagi Sendai, Shimane Suimei, etc.) ⇒ 12 locations/ 117MW as of end-3/2018 • Roof-top middle solar facilities (home centers, transport co., drug stores, etc.) • O&M ⇒ 13 power generation facilities across Japan as of end-3/2018 <p>【EV chargers】</p> <ul style="list-style-type: none"> • Expand business through alliance with EV automakers and charger manufacturers (total of 1,300 facilities to be installed nationwide) <p>【Rechargeable batteries】</p> <ul style="list-style-type: none"> • Install rechargeable batteries for both home and industrial use
Civil engineering, etc.	<ul style="list-style-type: none"> • Expand work to lay power lines underground (in Tokyo), CCBOX work, etc. ⇒ Focus on preparation processes (test drilling, design) during the year • Sewage pipeline work for Tokyo ⇒ net sales: +20% yoy
Electrical/ air conditioning	<ul style="list-style-type: none"> • LED installation work (road and safety lights) for municipalities ⇒ Orders target for FYE3/2019: 0.5 bil. yen • Full-year contribution of Nishinihon Denko ⇒ Net sales target for FYE3/2019: 1.4 bil. yen



Solar power work



EV charging



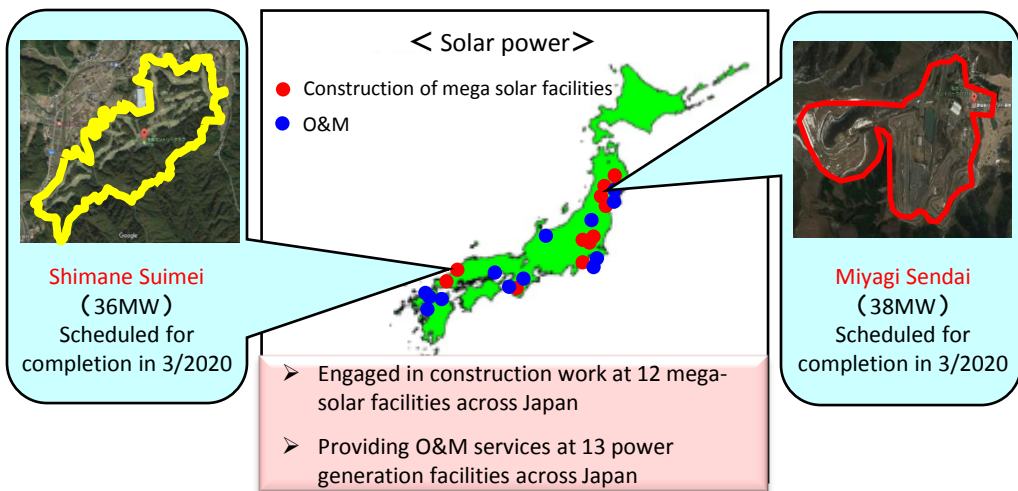
Laying of power lines underground



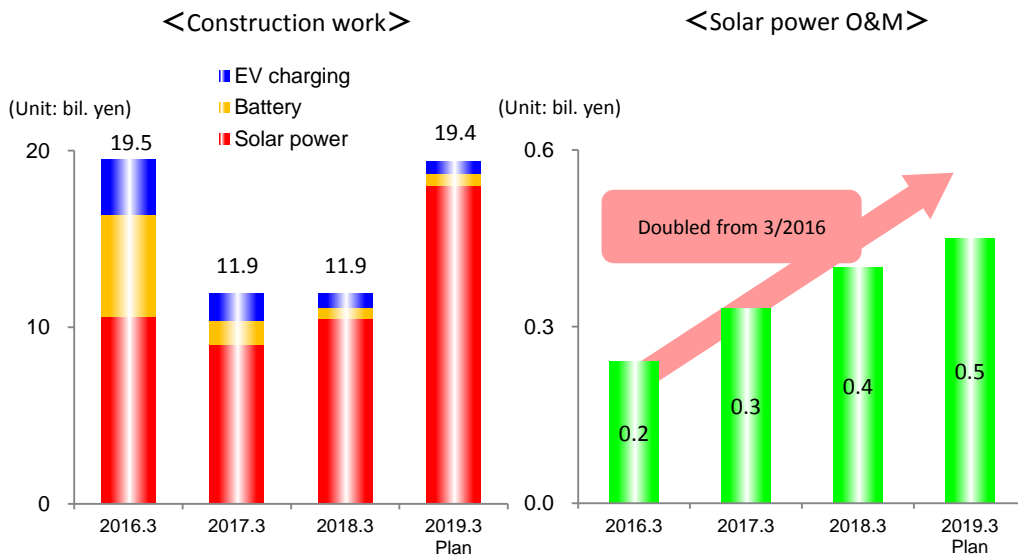
LED installment work

Initiatives in solar power-related business

- Installing mega-solar facilities in **12 locations (Total :117MW) across Japan**
⇒ Handling large-scale projects such as Miyagi Sendai and Shimane Suimei (total of 74MW/ 20.9 bil. yen in orders).
- Stabilizing solar power business by expanding O&M business
(Providing O&M services at 13 power generation facilities as of end-3/2018)

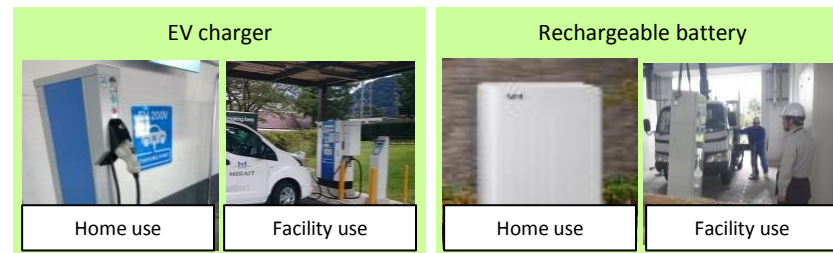


Net sales in new energy



Initiatives for EV chargers/ storage batteries

- Focus on expanding work to install EV charges and storage batteries in light of the penetration of ZEH and the upcoming 2019 problem

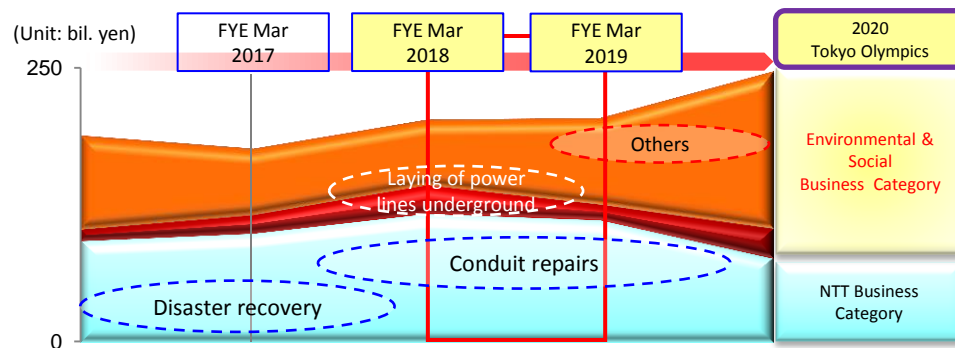


Initiatives in civil engineering

- Work to lay power lines underground
⇒ **1,400km to be completed in 3 years from FY2018** in high-priority areas (MLIT)
⇒ **Expand target area for initial plan for the next 10 years** (Tokyo)



Trends in civil engineering work

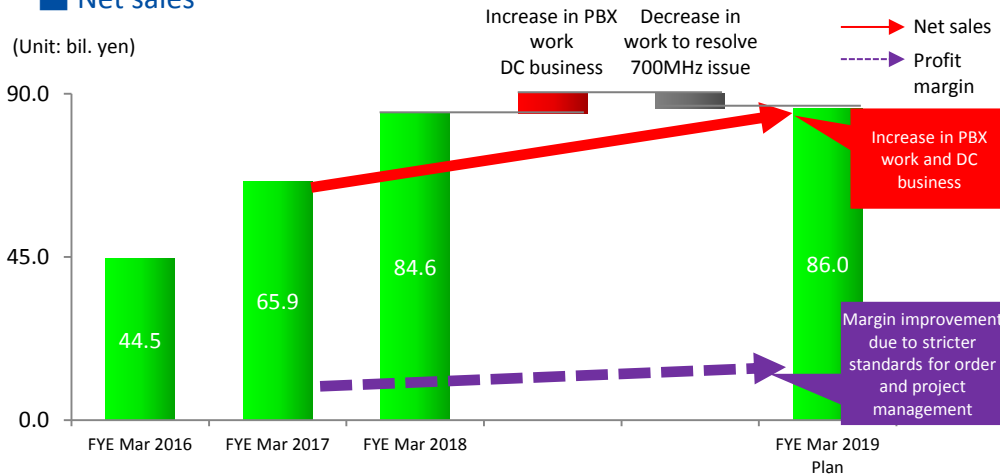


5. Trends in the ICT Solution Business

- Focus on strengthening cooperative sales efforts with Lantrovision to expand orders.
- The number of orders for work to resolve 700MHz TV reception interference in the area covered by Mirait is expected to decrease, but margins will be maintained through measures such as consolidating office locations and streamlining operations.
- Osaka No.1 Data Center scheduled to commence operations in June.

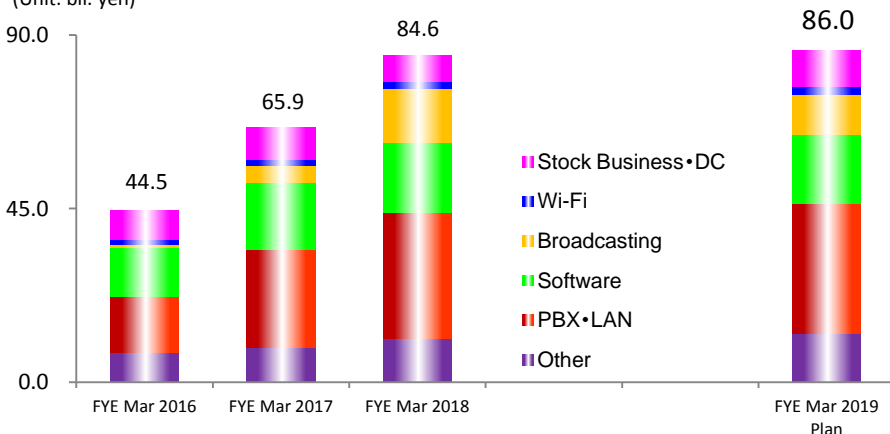
Net sales

(Unit: bil. yen)







Breakdown of net sales

(Unit: bil. yen)

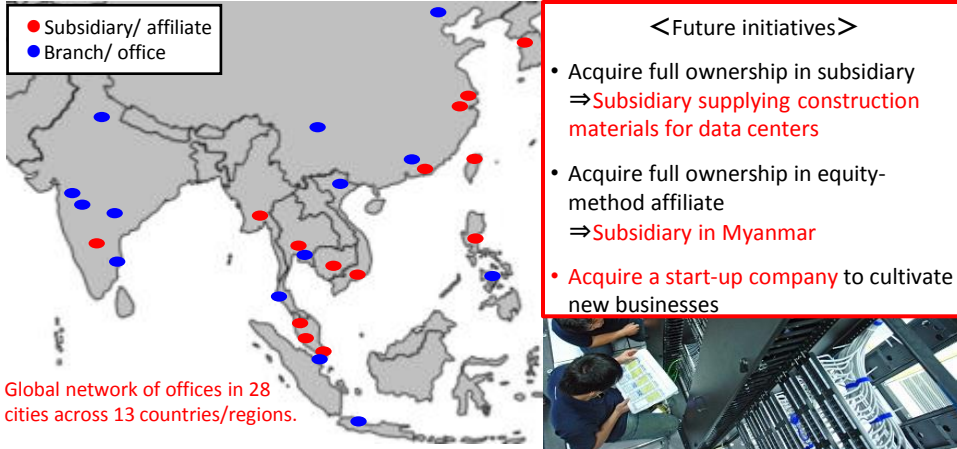


Key initiatives

Initiatives	
LAN/PBX/telecommunications equipment	<ul style="list-style-type: none"> ● Strengthen collaborative sales efforts with Lantrovision (domestic/ overseas) ● ICT work for Olympics/ Paralympics facilities  <p>LAN cabling work</p>
700MHz-related work	<ul style="list-style-type: none"> ● Work to resolve TV reception interference ⇒ Handling 1/3 of all projects nationwide ⇒ Number of work in area covered is expected to decrease, but margins will be maintained through consolidation of offices and operations, etc.  <p>TV reception-related work</p>
Wi-Fi	<ul style="list-style-type: none"> ● Promote Wi-Fi installation targeting multiple-store operators and schools ● Promote Wi-Fi installation in hotels ⇒ Propose package with NW equipment and surveillance cameras ● Promote installation of Wi-Fi through collaborative efforts with mobile carriers  <p>Stadium Wi-Fi</p>
Data Center	<ul style="list-style-type: none"> ● Osaka No.1 Data Center to commence operations in June ⇒ Expand stock business to build a data center hub adjacent to the telecommunications hub in Doshima ⇒ Use data center to train engineers
IoT, etc.	<ul style="list-style-type: none"> ● New business using drones as “moving sensors” ⇒ Training and dispatching of operator, etc. ● Enhance competitiveness by combining products in ICT Solutions and Environmental & Social Innovation  <p>Drone</p>

Lantrovision's overseas business strategy

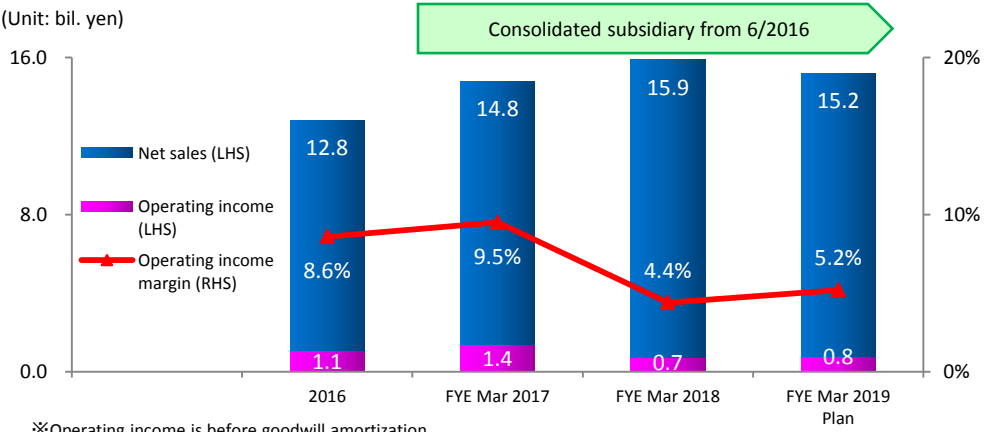
Lantrovision's activities



<Cooperation between Mirait Group and Lantrovision>

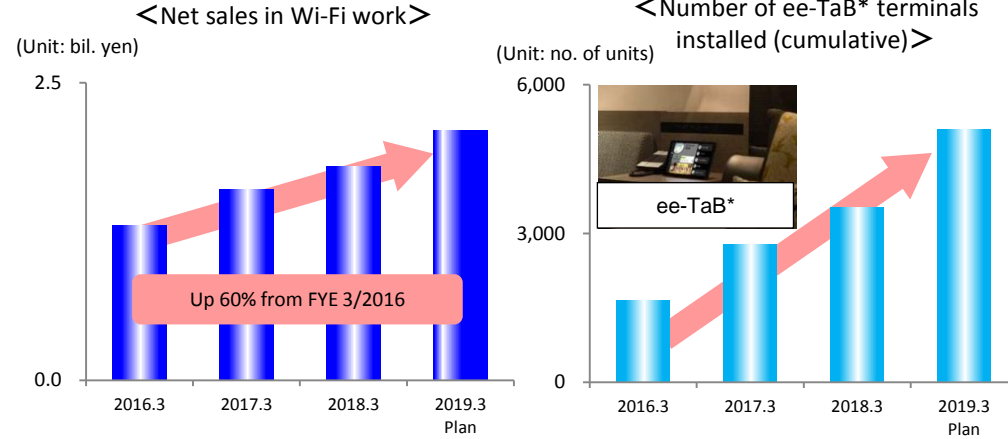


Performance trends



Initiatives in Wi-Fi

- Strong track record in work to install Wi-Fi equipment primarily in subways, convenience stores, and educational/ public facilities.
- Handle increase in demand for work to install W-Fi in public facilities, etc., toward 2020, by applying ee-TaB* and other Wi-Fi solutions.



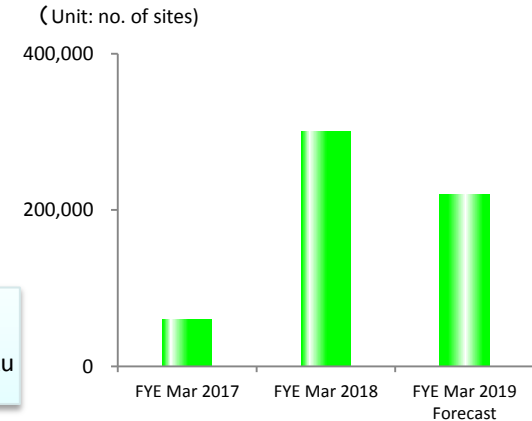
Work to resolve 700MHz TV reception interference

- On-going demand for work to resolve TV reception problems on the back of the launch of mobile services in the 700MHz band.

<Work site area>



<Growth in no. of work sites>



6. Initiatives in New Solutions

【AI/DC】Initiatives in data center business

- Developed Osaka Data Center in response to increase in demand for data centers in the Kansai area
⇒ Operations will commence in 6/2018 (total investment: 18.0 bil. yen)
- Expand stock business to build a data center hub adjacent to the telecommunications hub in Doshima
⇒ Also use data center to train engineers
- Expand business in **construction and operation of data centers** by building know-how
⇒ Construction (redundant design of building facilities, commissioning work, SI work)
⇒ Operation (maintenance and management of data centers in Japan and abroad)

Overview of Osaka No. 1 Data Center

Area	8 floors above ground (server rooms on 5 floors) Total floor space: 15,000m ² Server floors: 1,628m ² / floor
Floor load	All server floors: 1,500kg/m ²
Number of racks	2,500 racks
Incoming power	25,000 kw (2 systems)
Air conditioning	Water-cooled air conditioning system

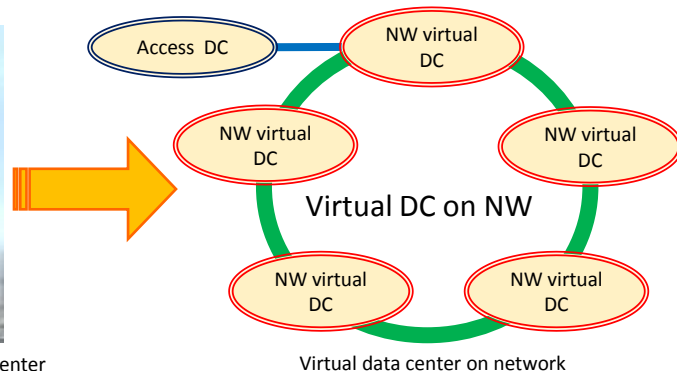
Capacity to be among the largest in Osaka

Future plan for data center business

- Development of virtual data center business by connecting data centers through the network

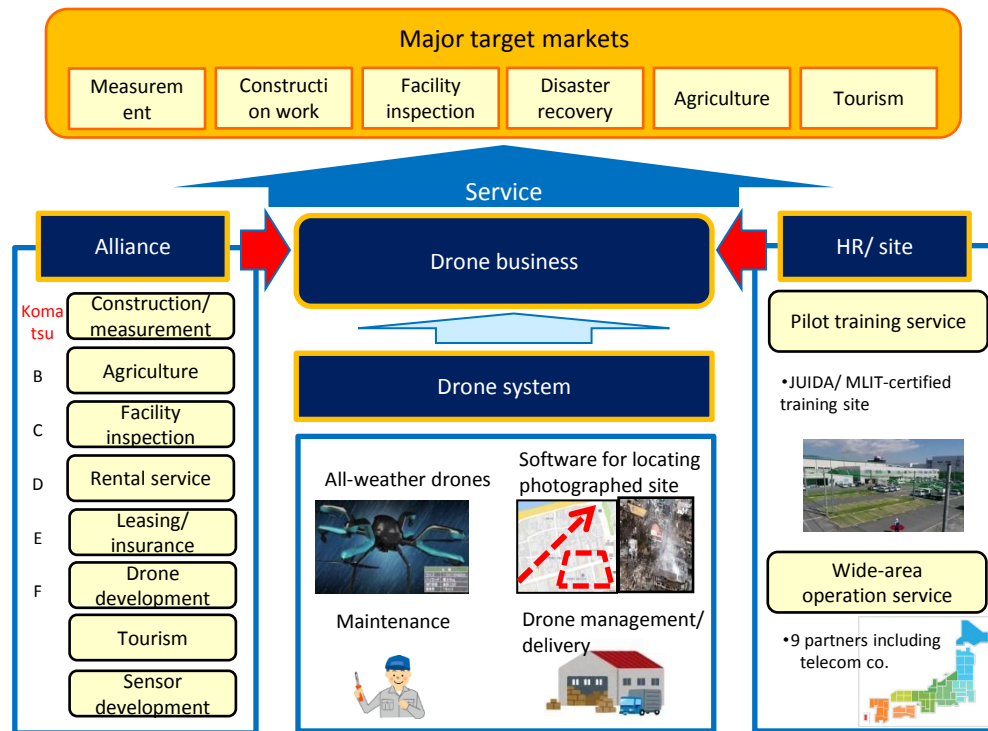


Large capacity, highly reliable data center in urban location



【Mobile sensors】Initiatives in drone business

- Significant business opportunities created by combining sensors and drones
- Widen service offerings through alliances



【Example of wide-area operation service】

- ① System for managing progress for civil engineering projects
⇒ Alliance with Komatsu from 5/2018 to support "Everyday Drone" operations (User training, operation, equipment maintenance, etc.)
- ② System to investigate growing conditions at rice fields
⇒ Outsourced photographing of rice fields using drones
⇒ Data of images provided on cloud



Initiatives in New Solutions

Cultivating business opportunities in light of the Olympics

- Expanding business by cultivating new business areas in collaboration with telecom companies and major construction companies, in light of the upcoming 2020 Tokyo Olympic Games.



Stadium Wi-Fi

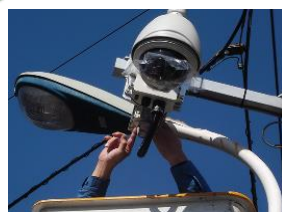
Electrical/ICT work for hotels, etc., in response to inbound tourist demand



PBX installment work



ICT-related construction work in redevelopment areas



Security systems work for local communities



Smart energy systems



Smart street solutions in conjunction with the laying of underground power lines



Optical line connection work



Construction of mobile base stations
Work to improve reception quality

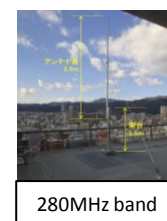
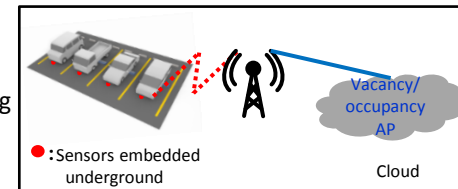


Work to lay power lines underground

Initiatives in IoT

【IoT verification tests, etc., in anticipation of the use of IoT by companies】

- Established LPWA wireless (LoRaWAN) base station at Mirait-related building (testing of location information tracking, etc.)
- Verification test for parking sensors
⇒ Plan to deploy system to parking lots in condos and commercial facilities following in-house verification tests.
- Applying LPWA wireless to smart energy systems
⇒ Application of LPWA for wide-area system to visualize use of power/ smart metering in residential buildings.
- **Verification tests for wide-area wireless sensor networks** that connect smart water meters using 280MHz band wireless.
⇒ Providing technical support for verification test being conducted by Kanagawa Enterprise Bureau (remote smart water metering).
⇒ **Conducting verification test for practical application of industrial smart water metering** with Kobe City and NTT West (first in Japan).
⇒ Planning to launch business when regulatory framework is established for sensor networks in the 280MHz band.

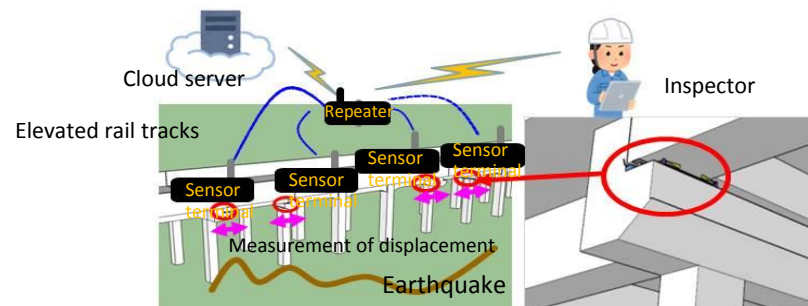


280MHz band

【Facility monitoring sensors】

Quick and automated monitoring/ inspection of infrastructure.

- Co-development of system using IoT for inspecting piers that support elevated rail tracks with Railway Technical Research Institute (RTRI).
⇒ Developing algorithm and inspection system using displacement sensors for remote measuring, for early recovery of railway service following earthquakes.

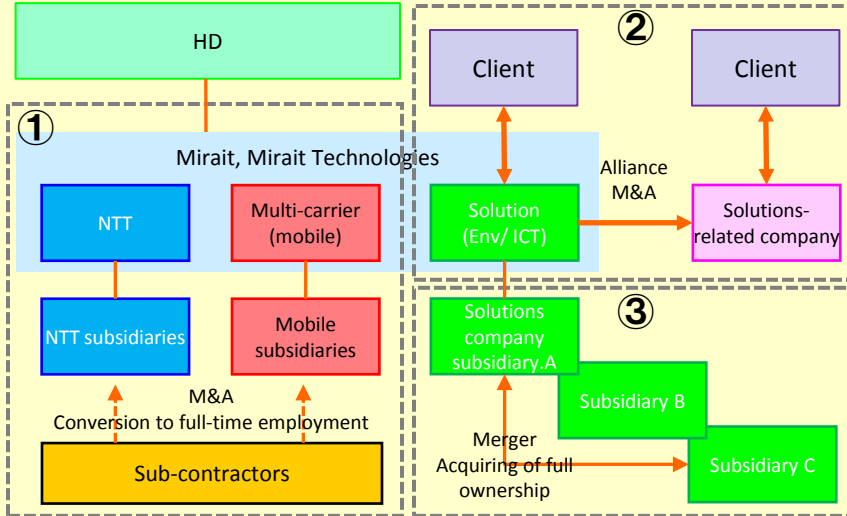


- ⇒ FY 2018: Field testing by RTRI and railway companies
- FY 2019: Commercialization of product

7. Initiatives to Build a Stronger Business Base

Strengthening the group's business operations

➢ Strengthen group-oriented management to enhance work capabilities, client base and profit structure.



① Strengthening NTT and Multi-carrier businesses

- Acquiring subcontractors/ converting employees to full-time employees (eliminating layers in the organizational structure, strengthening of capabilities to handle directly-managed projects).
⇒ Establishment of **Line Connect**
 - Responding to MLIT guidelines.
 - Hiring individual business owners to resolve layers in the organization and to enhance work capabilities.
 - Enhance management of work operations and improve on safety.

② Expanding the client base for solutions-related businesses

- Alliances/ acquisition of competitive companies and those with upstream operations.
⇒ Acquisition of **Nishinihon Denko** (to strengthen electrical work capabilities in Kyushu).

③ Strengthening subsidiary network

- Reorganization of small operations acquisition of full ownership in subsidiaries (to strengthen competitiveness/ human resources and to streamline operations)
⇒ **Lantrovision** and **Mirait Singapore**
⇒ **Mirait Information Systems** and **MIS Kyushu**
⇒ Acquired full ownership in **Nisshin Tsuko**
(to strengthen mobile work capabilities in Hokkaido, Tohoku, Kanto regions, etc.)
⇒ Acquired full ownership in **Nissetsu** (Air conditioning)

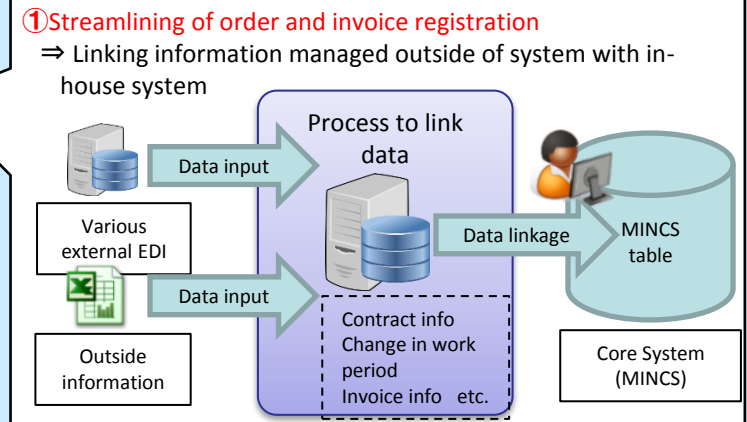
Reducing in-direct operations

➢ Improve productivity by revisiting operational processes and adopting systems to handle the larger number of projects and the expansion of services such as maintenance.

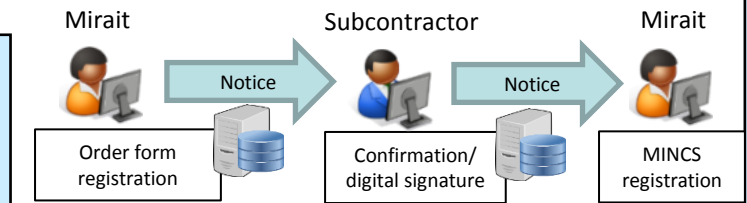
Operational process



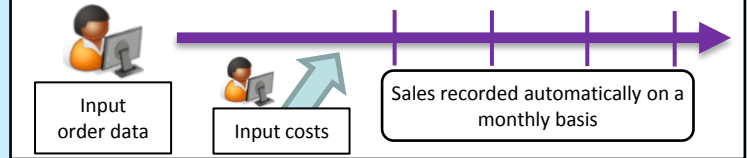
<Example>



② **Streamlining outsource contracts**
⇒ Using e-contract system to reduce outsourcing operations



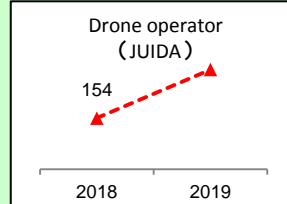
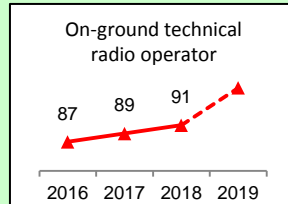
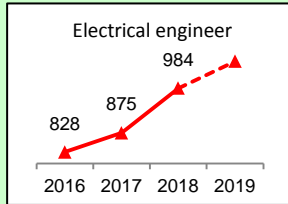
③ **Streamlining of cost of sales management**
⇒ System upgrade to handle maintenance contracts that record sales on a monthly basis to reduce cost of sales management operations.



Strengthening human resources

① Grow the number of qualified staff

- Identify candidates for qualification exams
⇒ Plan for the candidates to build hands-on experience
- Identify qualifications of priority
⇒ Electrical engineer, on-ground technical radio operator, drone operator, etc.



※Total for Mirait and Mirait Technologies for electrical engineer and on-ground technical radio operator

※Group total for drone operator

② Develop and utilize a large variety of talents

- Strengthen the base of engineers
⇒ Enhance the collective capabilities of the Group to better understand and respond to customers' needs
- Increase participation of women in the workplace (promote the hiring and promotion of women in managerial positions)
⇒ Highest "Eruboshi" certification (MRT and MTC)
⇒ "Kurumin" certification (MRT)
⇒ Highest award for Osaka City's "Women Participation and Advancement in the Workplace", "Promoting Men Participation in Child-rearing" (MTC)



KAIZEN Activities

① Raise awareness toward KAIZEN

(FY 2017: approx. 17,000 proposals)

- KAIZEN fellow activities (59 fellows)
⇒ Upgrading of 48 core narrow-diameter in-station cables, side board for terminal connection tubes, etc.



Side board for terminal connection tubes

② "Caravan for second-step" events

- Training for KAIZEN fellows
- Support for continued KAIZEN activities

Changing the safety/ work environment and workstyles

① Establish "hard" and "soft" frameworks to ensure safety of workers

- Enhance safety work procedures, safety equipment
⇒ Addition of 200 to the bucket work car fleet, etc.
- Ensure execution of work cycle for safety
⇒ morning meeting, site patrol, wrap-up meeting, etc.



Bucket work car fleet

② Collaborative efforts with subcontractors to improve the work environment

- Mandatory social insurance coverage
⇒ Fully implemented as of end 3/2018

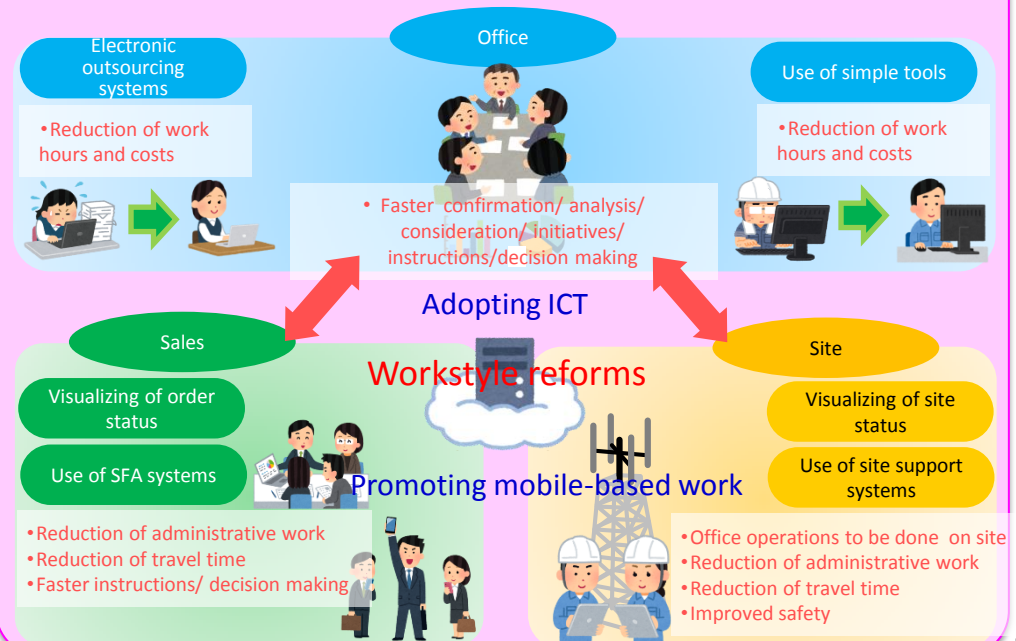


Morning meeting

③ Workstyle reforms

- Proper calculation of overtime work
- Introduction of flexible/ irregular work hours
- Upgrading of operational tools
⇒ Promote efficient sales and work operations by using mobile and cloud-based management tools

【Illustration of workstyle reforms by using operational tools】



III. Reference Materials

1. Overview of MIRAIT Holdings

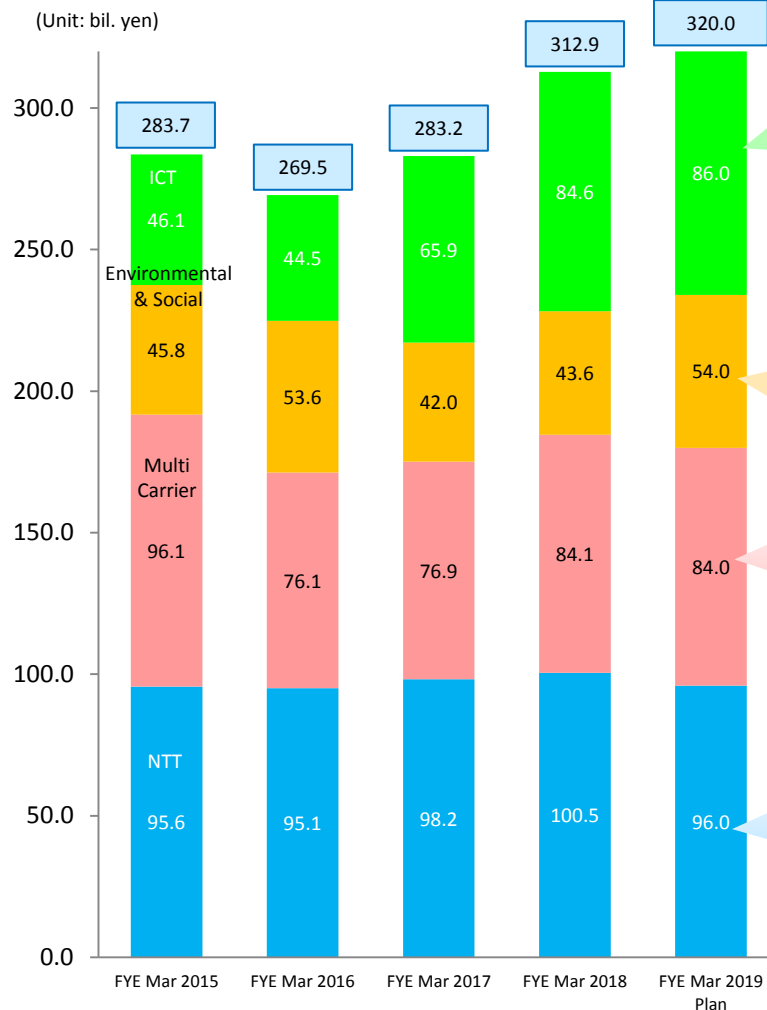
(1) Company Overview

Established	October 1, 2010
Paid-in capital	7 billion yen
President (CEO)	Masatoshi Suzuki
Shares	【Total outstanding shares】 85,381,866 shares
Stock listing	1 st Section of the Tokyo Stock Exchange (Code: 1417)
Credit ratings	Rating & Investment Information, Inc. (R&I): A- Japan Credit Rating Agency, Ltd. (JCR): A
Location	5-6-36 Toyosu, Koto-ku, Tokyo
Office network	【Domestic】 26 locations *Total of MIRAIT and MIRAIT Technologies 【Overseas】 32 locations (Singapore, Sri Lanka, Australia, Philippines, Myanmar ,etc.)
Number of consolidated subsidiaries (as of March 31, 2018)	54
Number of employees (as of March 31, 2018)	【Consolidated】9,010(MIRAIT Holdings: 102, MIRAIT: Consolidated 4,880, MIRAIT Technologies: Consolidated 3,043, Lantrovision: Consolidated 985)
Fiscal year-end	March 31 st of each year
Business description	Telecommunications engineering work, electrical work, civil engineering work and building construction work; management of subsidiaries and Group companies

(2) Business Categories

- The MIRAIT Group's business is centered on the construction of communication infrastructure (for fixed and mobile communication), but the Group is also engaged in various other businesses in areas such as ICT, the environment, and energy.

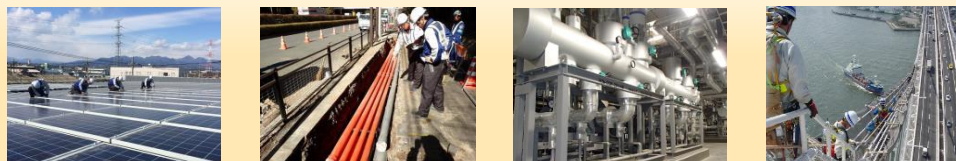
Overview of business categories



- Cloud computing, office solutions, Wi-Fi, software, Broadcasting, etc.
- Construction, maintenance and operation of telecommunication systems for general companies, etc.



- Environmental/ new energy, building of social infrastructure, construction and maintenance of electrical and air conditioning facilities



- Construction, maintenance and operation of mobile communication facilities
- NCC fixed communication equipment, CATV work, Global etc.



- Construction, maintenance and operation of fixed communication facilities for NTT

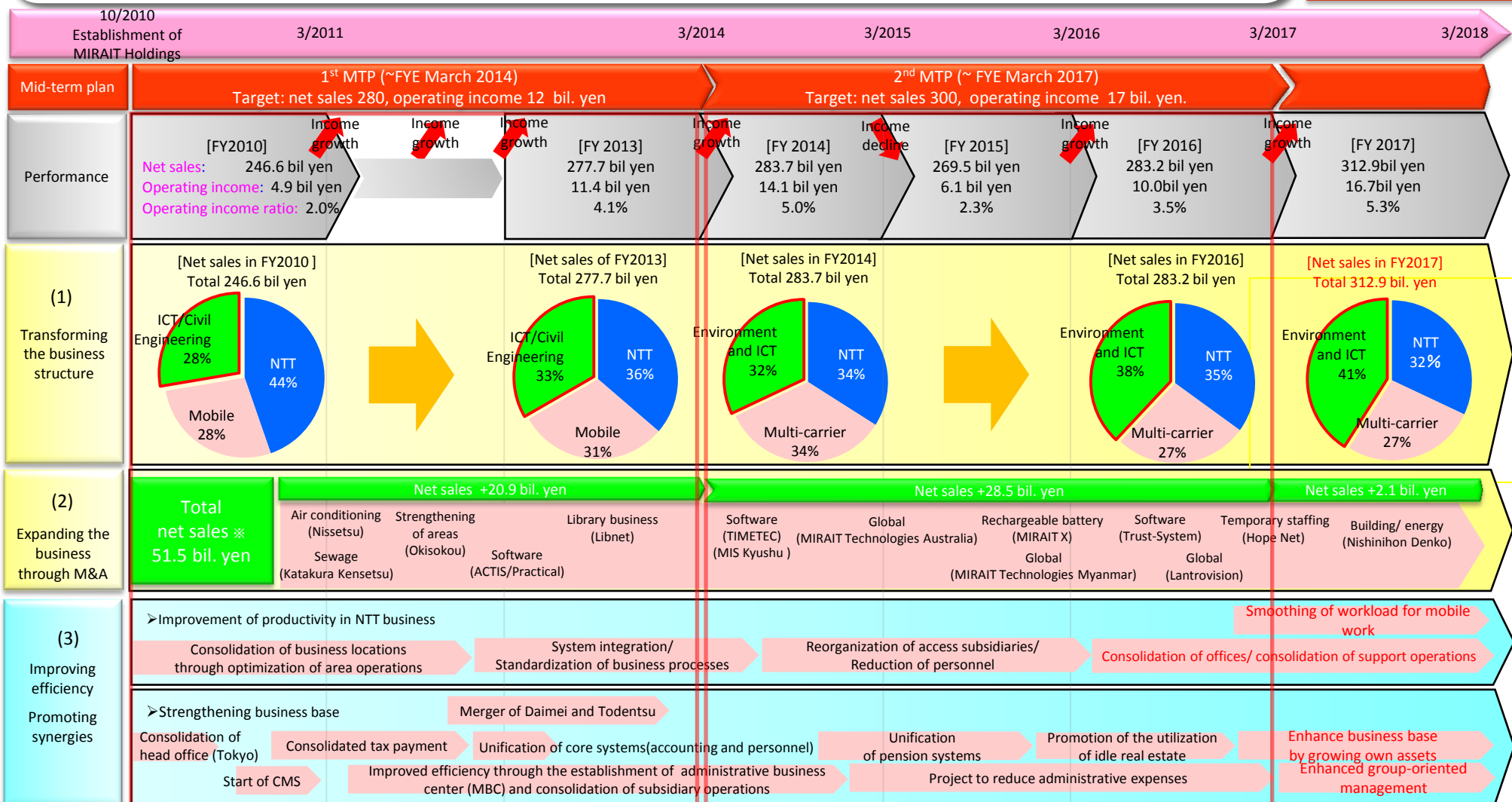


(3) The Company's Initiatives Since Establishment

The management integration aims to strengthen the Group's competitiveness and to create a robust management base by leveraging synergies. The following efforts have been implemented to date:

- Strengthening of the environmental & social and ICT business, raising the sales ratio from 28% to 38%.**
(In FYE Mar 2021, expand the Environmental & Social and ICT businesses to more than 50% of total sales.)
- Active use of M&A, etc. to **acquire technology and resources needed** to expand business domains.
- Maximizing the use of the three companies' management resources to **improve productivity in the NTT business.**

5/2017
Launch of 3rd Mid-term Plan
Target for FYE 3/2021
Net sales: 340.0 bil. yen
Op. income: 17.0 bil. yen
ROE More than 8.0%



※ Total of net sales reported for the most recent fiscal year by each of the acquired companies.

2. Overview of New Mid-term Plan

Business Environment

Changes in Social Structure

- Growth strategies of the Japanese Government (departure from deflation, low birthrate and aging society, revitalization of regional economies, etc.)
- Reconstruction of social infrastructure (aging infrastructure, disaster prevention measures)
- Environmental & energy issues
- 2020 Tokyo Olympics and Paralympics



Changes in the Communication Environment

- Spread of smartphones and tablets
- Increased capacity and speed of communications
- Diversification of services
- Globalization
- Implementation of IoT

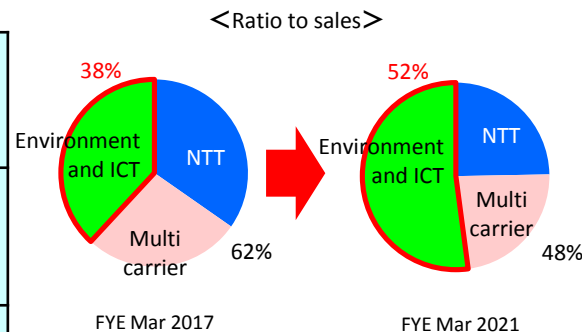
Tailwind for the MIRAIT Group

Key Initiatives

- Expanding the business domains and transforming the business model ⇒ Expand into "frontier domains". (Environmental and energy, Stock business and global business) ⇒ Enhance sales capabilities through partnerships. ⇒ Broaden the line-up of services by quality and price.
- Profit-oriented business operations ⇒ Smooth construction workload and promote initiatives to improve productivity ⇒ Achieve better efficiency by generating synergies within the Group. ⇒ Strengthen income / expense management of individual projects.
- Strengthening human resources / changing the corporate culture ⇒ Enhance comprehensive engineering capabilities. ⇒ Promote CSR (enhance governance and environmental initiatives) ⇒ Promote workstyle reforms.

Numerical Targets for FYE March 2021

Net sales	340.0 bil. yen
Operating income (Operating income ratio)	17.0 bil. yen (5.0%)
ROE	More than 8%

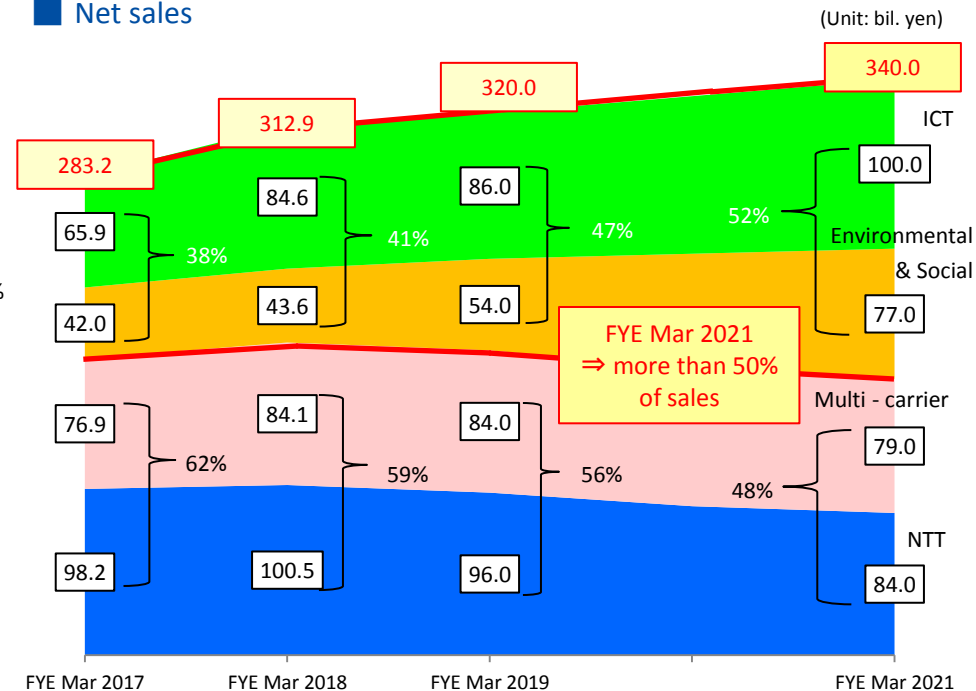


Expand the Environmental & Social and ICT business to more than 50% of total sales.

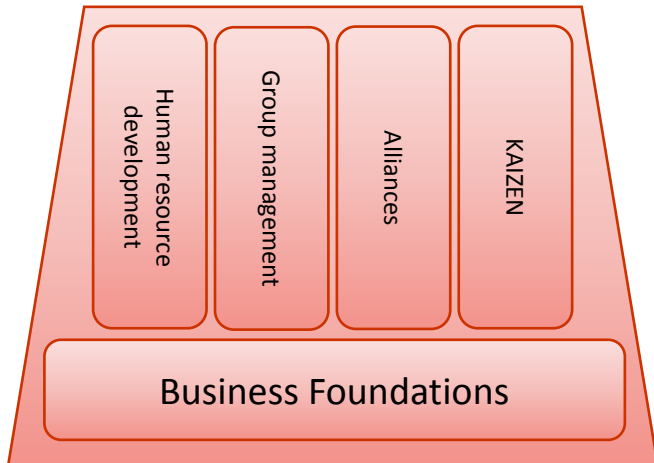
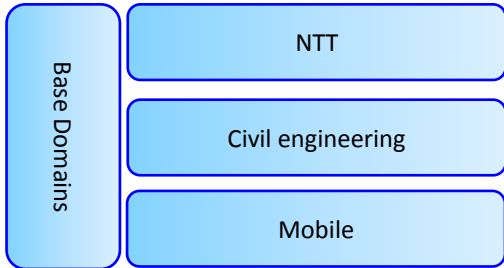
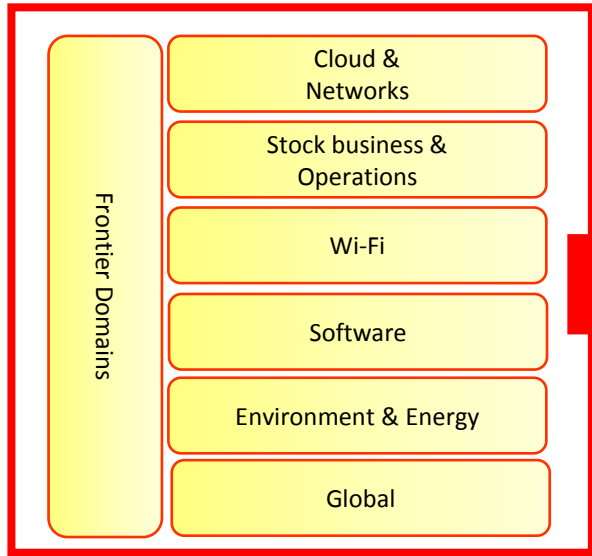
Shareholder return policy

- Stable and consistent payment of dividends.
- Decisions to be made by taking into consideration the Company's business results and cash position, based on a rough total return ratio target of more than 30%.

Net sales



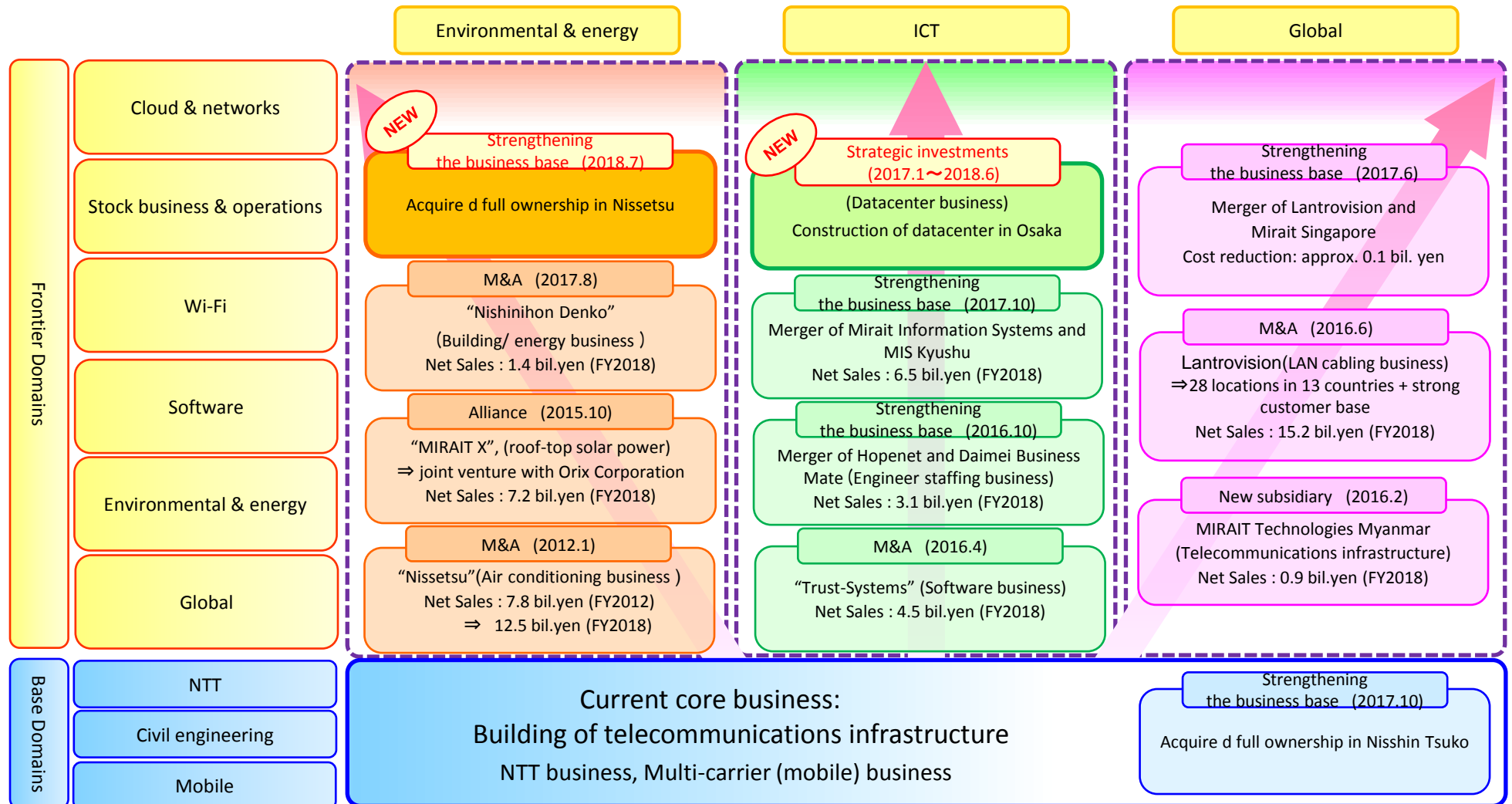
3. Future Focus Areas (Frontier Domains)



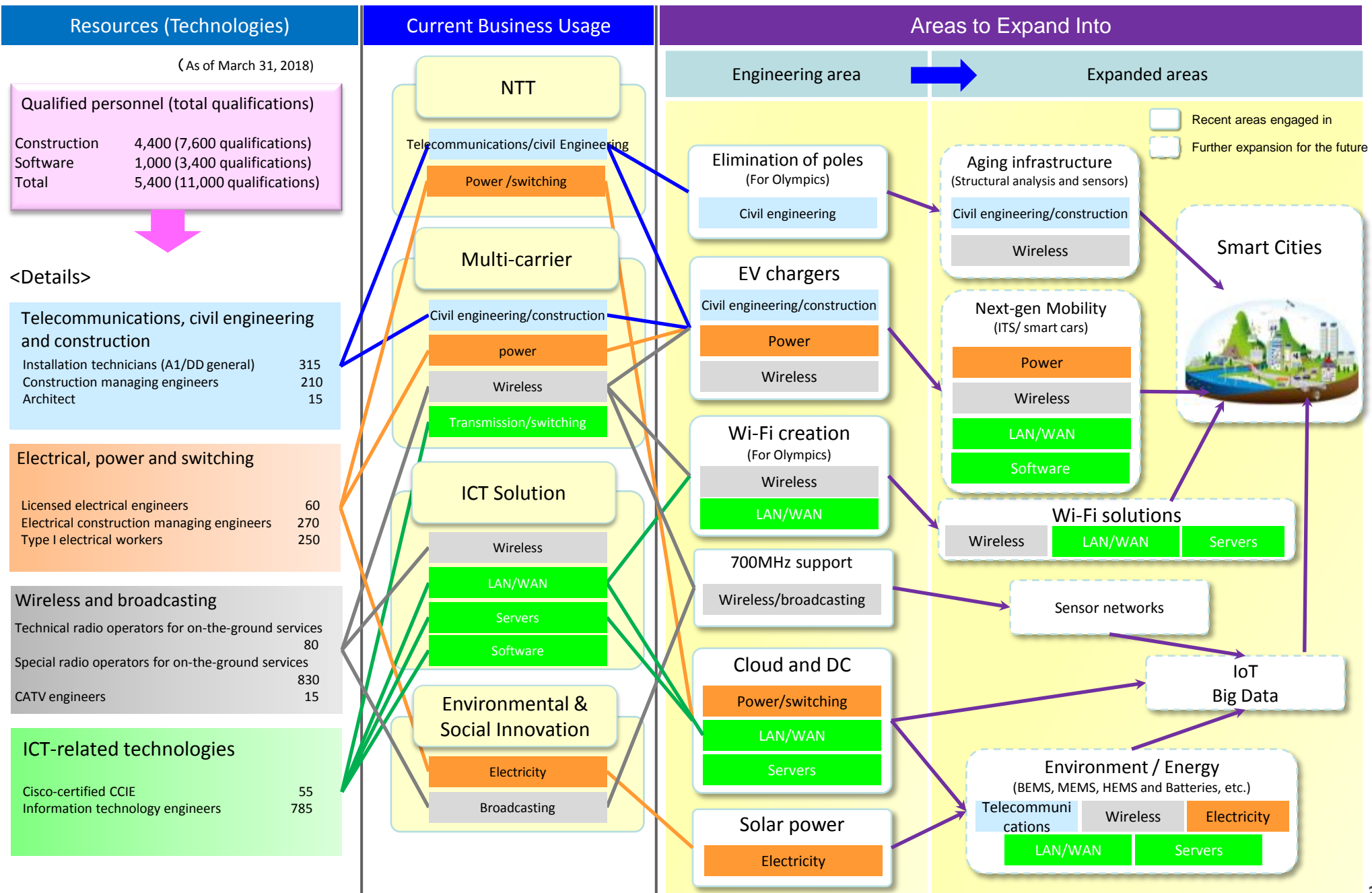
Zone Domain	Smart Office	Smart Town	Smart House
Cloud & Networks	<ul style="list-style-type: none"> • Security (Surveillance cameras, network monitoring) • PBX (Cloud) • LAN, Servers, Networks 	<ul style="list-style-type: none"> • Disaster prevention networks • Sensor networks • IoT (water supply smart meters) • ITS (self-driving) 	
Stock business & Operations	<ul style="list-style-type: none"> • Operation centers (Network maintenance, help desks) 	<ul style="list-style-type: none"> • Data centers • Solar power facility operation and maintenance 	<ul style="list-style-type: none"> • Batteries + solar power maintenance
Wi-Fi	<ul style="list-style-type: none"> • Office and educational Wi-Fi • Hotel Wi-Fi (Guest room tablets (ee-TaB Plus)) 	<ul style="list-style-type: none"> • Stadium Wi-Fi • Local government Wi-Fi • Subway Wi-Fi • Convenience store Wi-Fi 	<ul style="list-style-type: none"> • Home Wi-Fi
Software	<ul style="list-style-type: none"> • Aiming to be the best partner for major Slers (finance, insurance, public sector) • Unique app development (WFM, libraries, Wi-Fi solutions) 		
Environment & Energy	<ul style="list-style-type: none"> • Air conditioning 	<ul style="list-style-type: none"> • Comprehensive building equipment (Solar power, EV chargers, LED, BEMS, access control systems) • Disaster prevention measures (Batteries, EV chargers, LED street lights) • Building solar power plants 	<ul style="list-style-type: none"> • Batteries + solar power • Intake of electrical power for entire apartment buildings • HEMS
Global	<ul style="list-style-type: none"> • Carrier business (4 countries) • LAN cabling work (13 countries) 	<ul style="list-style-type: none"> • Pursuit of synergies (Domestic customers, overseas customers, building solutions) 	

4. Recent Initiatives for Business Expansion

- Expanding the “frontier domains” by actively engaging in strategic investments that leverage the technologies accumulated through the building of telecommunications infrastructure, which is MIRAIT’s core business at present.
- Actively engaging in alliances and M&A to expand businesses.
- Promoting initiatives to enhance the business base in the base domains.



5. Expansion of Business Areas Utilizing Technologies



6. Changes in the Business Environment through 2020

Japan's Structural Problems

- Growth strategies of the Japanese Government (departure from deflation, low birthrate and aging society, revitalization of regional economies, etc.)
- Reconstruction of social infrastructure (aging infrastructure, disaster prevention measures)
- Deregulation of power and gas retail, environmental & energy issues
- 2020 Tokyo Olympics and Paralympics

Changes in Social Structure

Changes in the Communication Environment

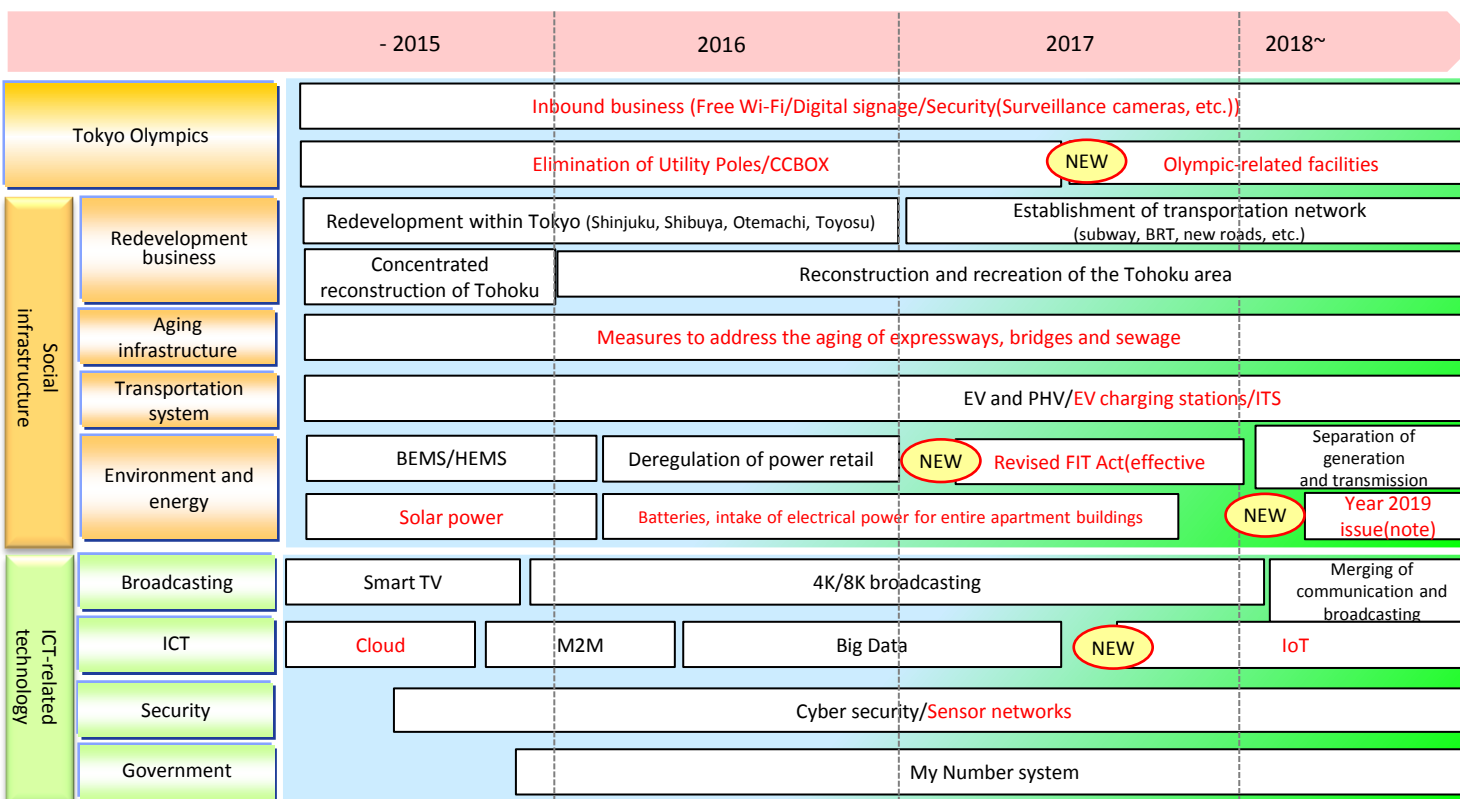
Evolution of communications technology

- Spread of smartphones and tablets
- Increased capacity and speed of communications
- Diversification of services
- Globalization
- Implementation of IoT

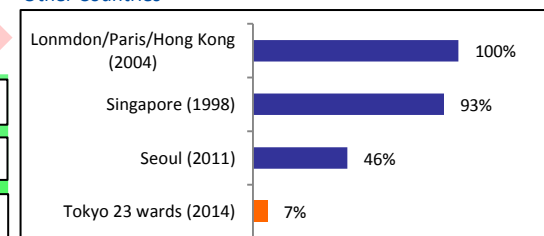
Tailwind for the MIRAIT Group

Transforming our business model while expanding business domains in response to changing times

Changes in Social Structure

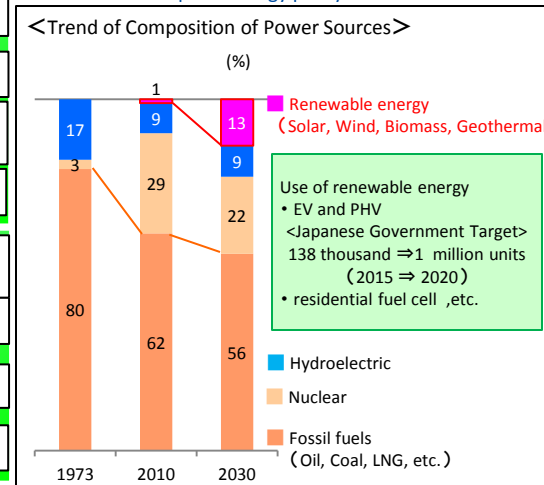


Comparison of Rate of Elimination of Power Poles with Other Countries



Source: Created by MIRAIT based on materials published by the Ministry of Land, Infrastructure, Transport and Tourism

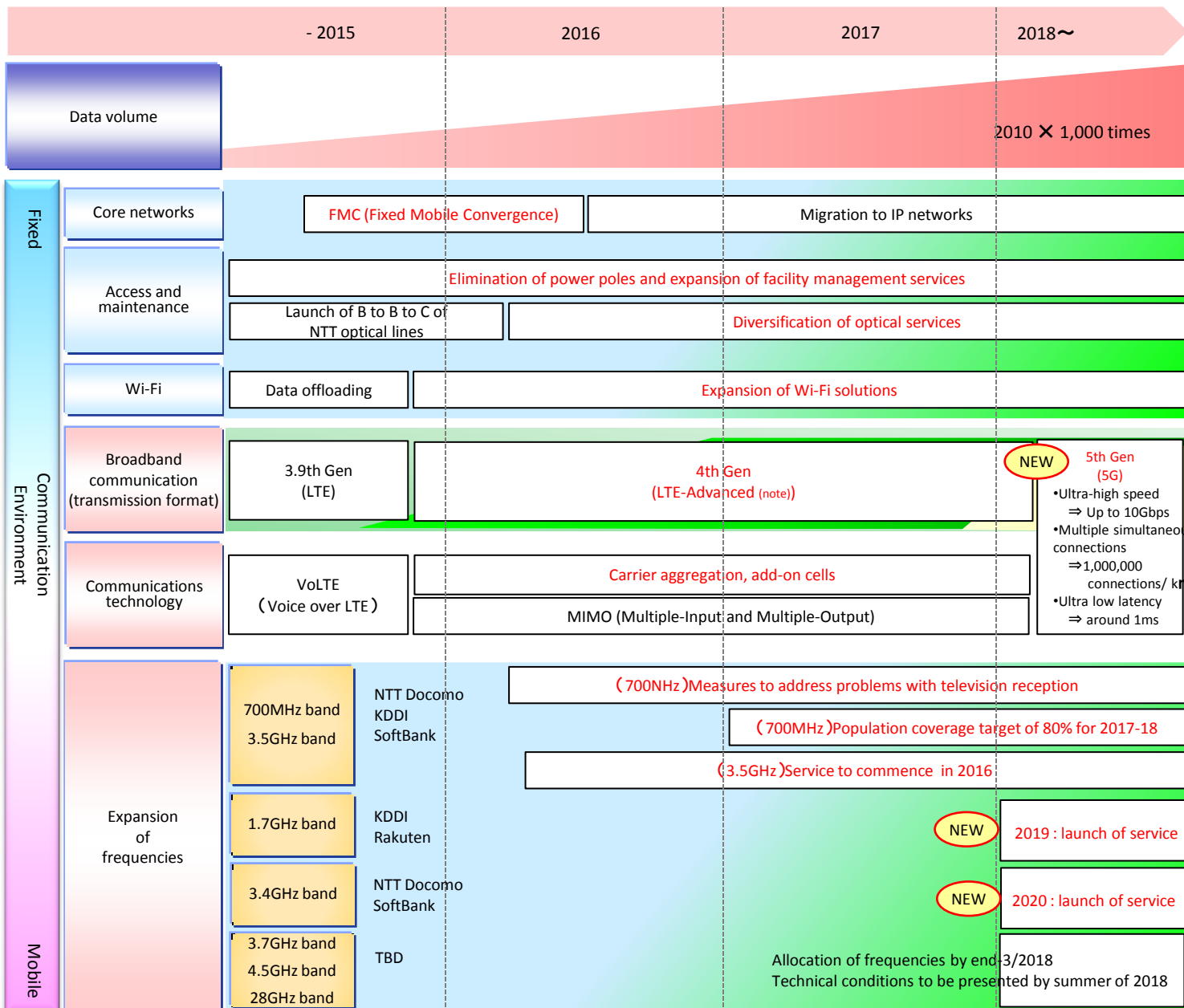
Conversion of Japan's energy policy



Source: MIRAIT from publicly available information

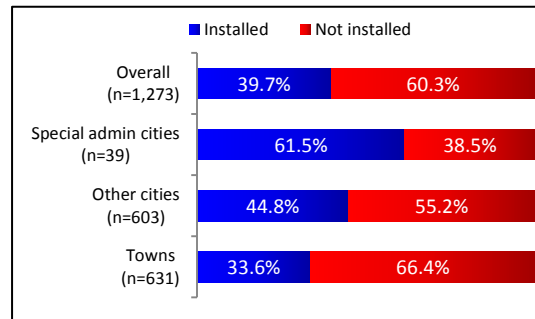
(Note)End of term of purchase contract for households selling solar power to electricity companies under the feed-in-tariff scheme.

Changes in the Communications Environment



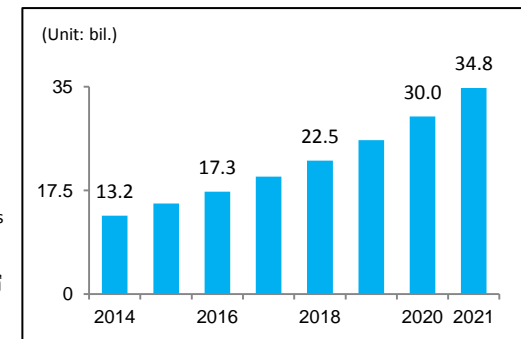
(Note) LTE-Advanced is a mobile phone standard positioned as being 4th generation (4G). It enables high capacity and high speed communication by combining technologies such as carrier aggregation.

(Domestic) State of establishment of local government Wi-Fi



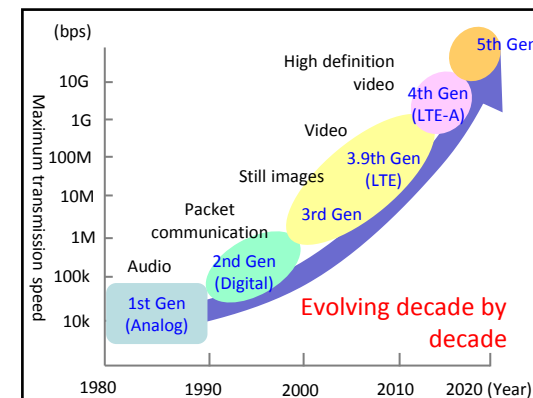
Source: MIRAIT, based on materials published by the Association for Promotion of Public Local Information and Communication

(Global) Trends and forecast for number of IoT devices



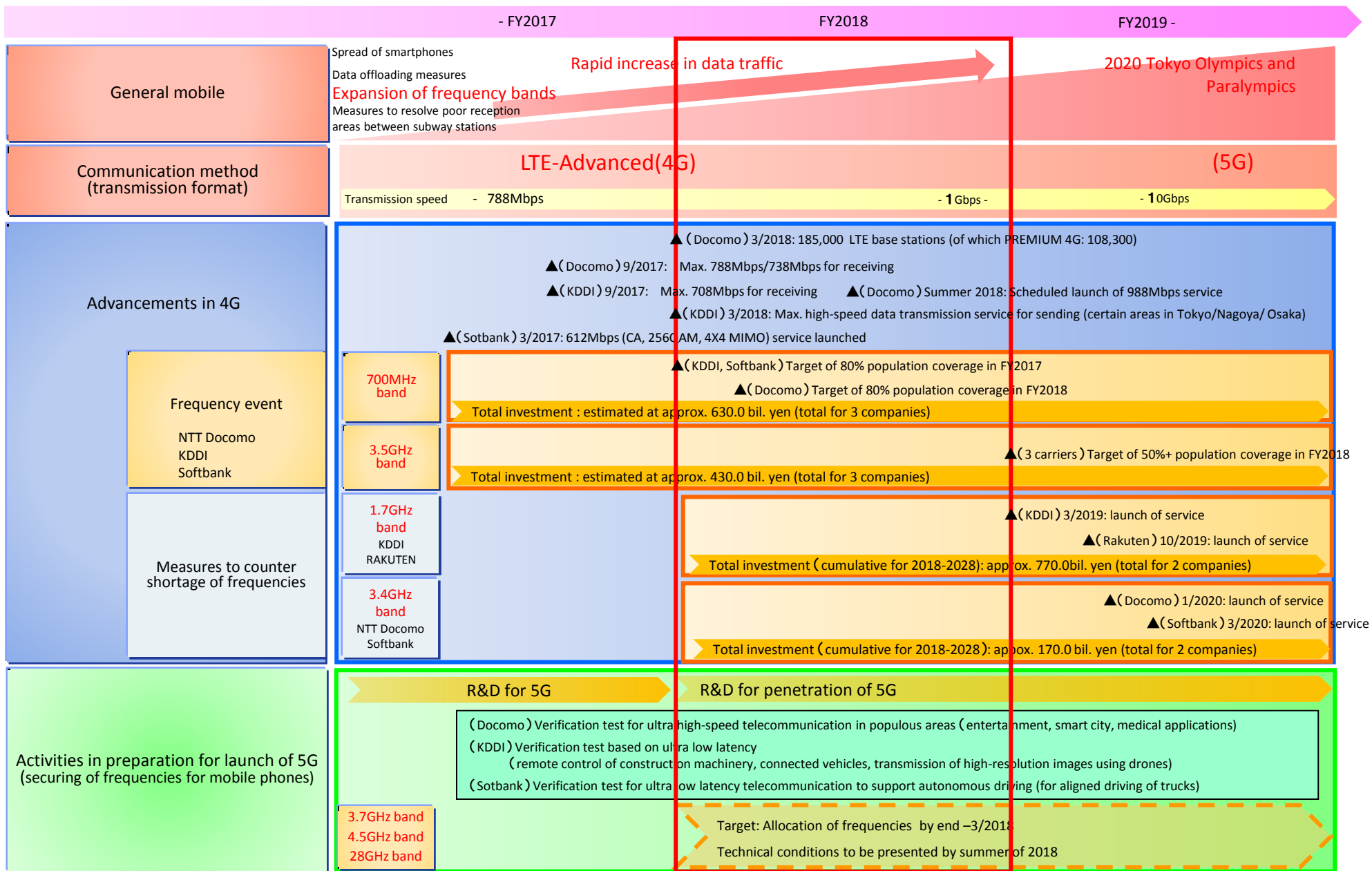
Source: MIRAIT, based on materials published by the Ministry of Internal Affairs and Communications

(Domestic) Changes in mobile systems (1G - 5G)



Source: MIRAIT, based on materials published by the Ministry of Internal Affairs and Communications

7. Changes in the Market Environment for the Mobile Business



(Note)1. PREMIUM 4G is a communication service using carrier aggregation technology provided by NTT Docomo.

2. 256QAM is a technology that increases the density of information to increase the volume of data that can be transmitted at once.

3. 4X4 MIMO is a technology that increases data volume and transmission speed by using four antennas embedded in each of the terminals as well as base stations.

Source: MIRAIT from publicly available information

8. Supplementary Financial Information

(1) Historical Performance

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Plan)
Orders received	293.6	260.7	323.3	326.3	315.0
Net sales	283.7	269.5	283.2	312.9	320.0
Gross profit	33.1	25.8	33.5	39.7	39.2
Gross profit margin	11.7%	9.6%	11.8%	12.7%	12.3%
SG&A	18.9	19.7	23.4	23.0	23.2
SG&A ratio	6.7%	7.3%	8.3%	7.4%	7.3%
Operating income	14.1	6.1	10.0	16.7	16.0
Operating income ratio	5.0%	2.3%	3.5%	5.3%	5.0%
Ordinary income	14.8	6.7	10.5	17.8	16.8
Ordinary income ratio	5.2%	2.5%	3.7%	5.7%	5.3%
Net income	11.1	3.6	6.4	11.5	11.0
Net income ratio	3.9%	1.3%	2.3%	3.7%	3.4%

* Figures are rounded down to one decimal place.

(2) Orders Received and Net Sales by Business Category

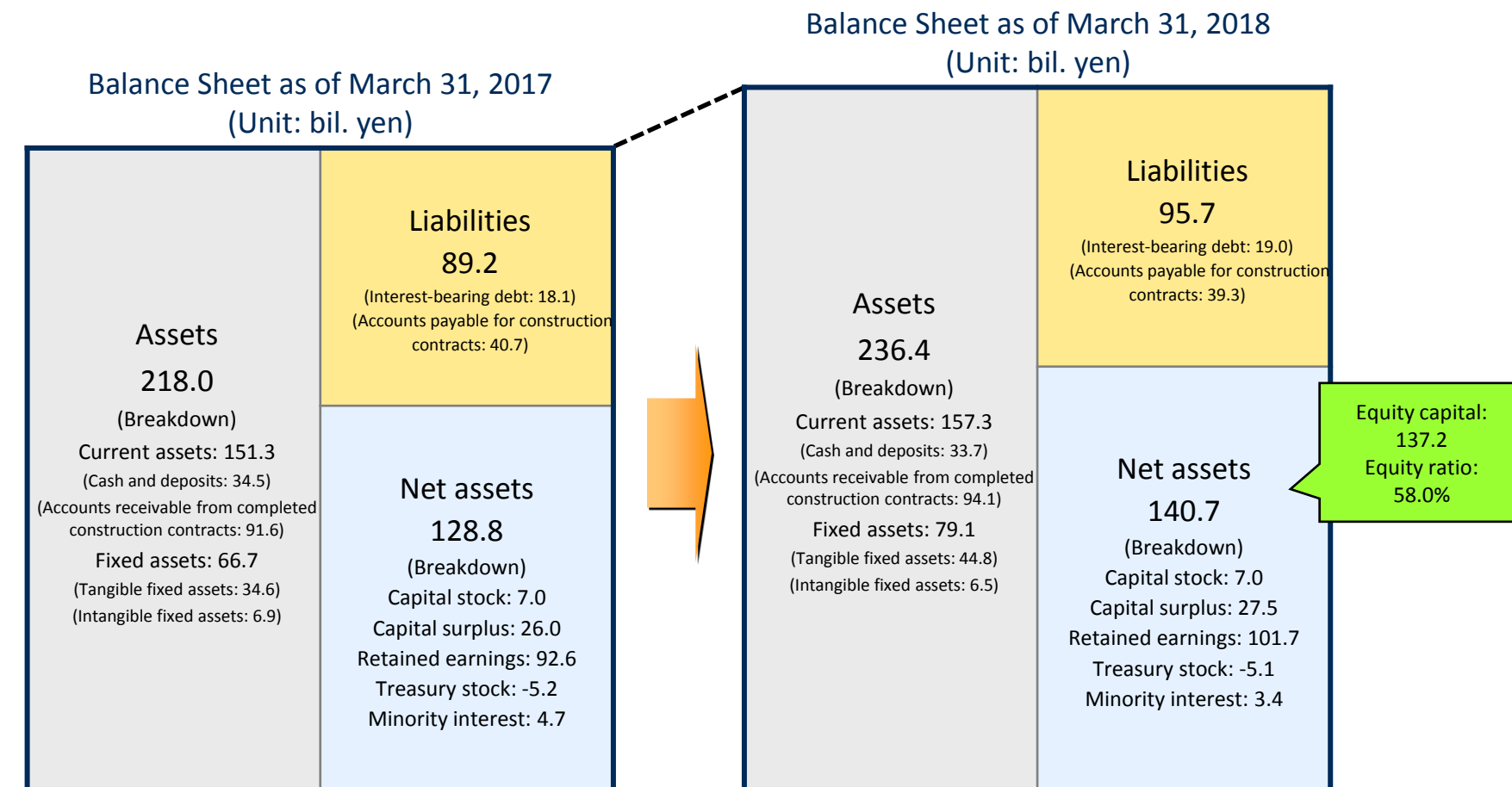
Orders received Units: bil. yen	FYE March 2017	FYE March 2018	YoY Change (Percentage change)	FYE March 2019 (Plan)	YoY Change (Percentage change)
	(a)	(b)	(b)–(a)	(c)	(c)–(b)
NTT Business	104.2	97.5	- 6.7 (- 6.4%)	93.0	- 4.5 (- 4.6%)
Multi-carrier business	88.6	88.3	- 0.3 (- 0.3%)	80.0	- 8.3 (- 9.4%)
Environmental & social innovation business	59.0	54.3	- 4.7 (- 8.0%)	52.0	- 2.3 (- 4.2%)
ICT solution business	71.4	86.0	+ 14.6 (+ 20.4%)	90.0	+ 4.0 (+ 4.7%)
Total	323.3	326.3	+ 3.0 (+ 0.9%)	315.0	- 11.3 (- 3.5%)

Net sales: Units: bil. yen	FYE March 2017	FYE March 2018	YoY Change (Percentage change)	FYE March 2019 (Plan)	YoY Change (Percentage change)
	(a)	(b)	(b)–(a)	(c)	(c)–(b)
NTT Business	98.2	100.5	+ 2.3 (+ 2.3%)	96.0	- 4.5 (- 4.5%)
Multi-carrier business	76.9	84.1	+ 7.2 (+ 9.4%)	84.0	- 0.1 (- 0.1%)
Environmental & social innovation business	42.0	43.6	+ 1.6 (+ 3.8%)	54.0	+ 10.4 (+ 23.9%)
ICT solution business	65.9	84.6	+ 18.7 (+ 28.4%)	86.0	+ 1.4 (+ 1.7%)
Total	283.2	312.9	+ 29.7 (+ 10.5%)	320.0	+ 7.1 (+ 2.3%)

* Figures are rounded down to one decimal place (bil. yen).

(3) Assets, Liabilities and Net Assets

- Total assets: Up from 218.0 bil. yen to 236.4 bil. yen, due to in accounts receivable and the addition of tangible assets.
- Liabilities: Up from 89.2 bil. yen to 95.7 bil. yen, due to increase in taxes payable and accounts payable for construction contracts, among others.
- Net assets: Up from 128.8 bil. yen to 140.7 bil. yen, due to increase in retained earnings, among others (equity ratio: 56.9% ⇒58.0%).



*Figures are rounded down to one decimal place.

(4) Key Performance Indicators

Capital-related Indicators

	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Forecast)
Equity ratio	63.8%	63.1%	56.9%	58.0%	59.4%
Return on equity (ROE)	9.5%	3.0%	5.2%	8.8%	7.8%

Shareholder Return Indicators

	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Forecast)
Dividend payout ratio	22.0%	67.2%	37.6%	24.1%	28.9%
Total return ratio	22.0%	67.2%	76.6%	24.1%	28.9%

Capital Expenditure / Depreciation and Amortization

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018	FYE March 2019 (Forecast)
Capital expenditure	3.2	3.7	4.6	12.6	24.7
Depreciation and amortization	2.4	2.4	2.8	3.0	3.2

* Figures are rounded down to one decimal place.

Cash Flows

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018
Operating cash flow	18.6	6.2	4.7	12.5
Investment cash flow	- 3.8	- 3.6	- 11.1	- 10.0
Financial cash flow	- 2.2	- 2.6	10.4	- 3.6
Free cash flow	14.8	2.6	- 6.4	2.5

(Note) Free cash flow = operating cash flow + investment cash flow

Cash and Deposits/ Interest-bearing Debt

Unit: bil. yen	FYE March 2015	FYE March 2016	FYE March 2017	FYE March 2018
Cash and cash equivalents	29.2	29.1	33.1	32.2
Interest-bearing debt	- 0.3	- 0.4	- 18.1	- 19.0
Net cash	28.9	28.7	15.0	13.2

(Notes) 1. Net cash is the amount obtained by deducting interest-bearing debt from cash and cash equivalents.
 2. Cash and cash equivalents exclude deposits and securities not maturing within three months.

* Figures are rounded down to one decimal place.

Statements and quotes relevant to the forecasted values in this handout are the future prospects based on the plans and prospects of the Company at this point in time.

The actual business results could be significantly different from those stated in this handout due to changes in conditions.

As such, please be advised that we will not be able to guarantee the accuracy of the forecasted values, in this handout and the session, over the period of time to come in the future.

MIRAIT Holdings Corporation