

Financial Results of FY3/17 & Forecasts for FY3/18

May 2017



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【Disclaimer】

This documents contains forward-looking statements .These statements are not guaranteed of future performance and involve risks and uncertainties and actual results may materially differ from those contains in the forward-looking statements as a result of various factors.

Orders Received of FY3/17 & Forecasts for FY3/18

(JPY bn)

Orders Received for FY3/17

Domestic Civil Engineering: 187.4bn (YoY 34.2 bn)

Marine: 135.4 bn (YoY 38.2 bn)

- Orders received for public projects (including supplementary budget projects) in ports and harbors as well as large-scale projects in the private sector

Land: 52.0 bn (YoY -4.0 bn)

- Robust demand in the private sector despite a YoY decline

Domestic Building Construction: 176.2bn (YoY 31.1 bn)

Residential: 32.4bn (YoY 7.8 bn)

- Orders received for plural large-scale projects

Non-Residential: 143.8 bn (YoY 23.3 bn)

- Orders received for plural public projects, while demand in the private sector (logistics, residential, environmental and hospitals) also remained high

Overseas: 100.2bn (YoY -41.5 bn)

Civil Engineering: 53.8 bn (YoY 11.2 bn)

- Orders received for a large-scale cement mixing works in Hong Kong

Building Construction: 46.5 bn (YoY -52.7 bn)

- Orders received for a large-scale hospital project in Hong Kong

Real Estates and Others: 2.1 bn (YoY -1.0 bn)

Forecasts for FY3/18

Targeting 500 bn. or more of orders received with a favorable business environment in the background

- Domestic Civil Engineering: Maintaining the same level with marine civil engineering as a core drive

- Domestic Building Construction: Keeping initiatives to strive for large-scale projects

- Overseas: Aiming to obtain numerous large-scale civil projects

		FY3/16	FY3/17		FY3/18			
		Result	Result	Changes from FY3/16	YoY	Forecast	Changes from FY3/17	YoY
Domestic Civil Engineering	Public Sector	114.9	113.4	-1.5	-1.3%	117.0	3.6	3.1%
	Private Sector	38.3	74.0	35.6	92.9%	43.0	-31.0	-41.9%
	Total	153.2	187.4	34.2	22.3%	160.0	-27.4	-14.6%
	Marine Civil Engineering	97.2	135.4	38.2	39.3%	100.0	-35.4	-26.2%
	Land Civil Engineering	56.0	52.0	-4.0	-7.2%	60.0	8.0	15.4%
	Share of Marine Civil	63.5%	72.3%	-	-	62.5%	-	-
Domestic Building Construction	Public Sector	17.9	46.0	28.0	156.4%	10.0	-36.0	-78.2%
	Private Sector	127.2	130.2	3.1	2.4%	190.0	59.8	45.9%
	Total	145.1	176.2	31.1	21.4%	200.0	23.8	13.5%
	Residential	24.6	32.4	7.8	31.8%	10.0	-22.4	-69.1%
	Non-Residential	120.5	143.8	23.3	19.3%	190.0	46.2	32.1%
	Share of Residential	16.9%	18.4%	-	-	5.0%	-	-
Domestic Construction Total	Public Sector	132.8	159.4	26.6	20.0%	127.0	-32.4	-20.3%
	Private Sector	165.5	204.2	38.7	23.4%	233.0	28.8	14.1%
	Domestic Construction Total	298.3	363.6	65.3	21.9%	360.0	-3.6	-1.0%
Overseas	Civil Engineering	42.6	53.8	11.2	26.2%	110.0	56.2	104.6%
	Building Const.	99.2	46.5	-52.7	-53.1%	40.0	-6.5	-13.9%
	Overseas Total	141.8	100.2	-41.5	-29.3%	150.0	49.8	49.7%
Construction Total	Civil Engineering	195.8	241.2	45.3	23.1%	270.0	28.8	12.0%
	Building Const.	244.2	222.7	-21.6	-8.8%	240.0	17.3	7.8%
	Construction Total	440.1	463.8	23.7	5.4%	510.0	46.2	10.0%
	Real Estates and Others	3.1	2.1	-1.0	-31.9%	1.0	-1.1	-52.8%
	Total	443.2	465.9	22.8	5.1%	511.0	45.1	9.7%

Business Results of FY3/17

(JPY bn)

Renewed the record-high earnings for the third consecutive year for both consolidated and non-consolidated basis

■ Non-consolidated

● **Net Sales of Construction : 467.4 bn. (YoY 14.5 bn.)**

- Domestic civil engineering: Slight increase due to steady progress of land civil projects
- Domestic building construction: Decrease due to completion of large-scale projects in the previous FY
- Overseas: Significant increase due to steady progress of large-scale projects

● **Gross Profit on Construction 36.2 bn. (YoY 3.6 bn.)**

- Domestic civil engineering: Increase owing to improved profitability in land civil projects
- Domestic building construction: Increase owing to improved profitability despite a decrease in construction total orders received
- Overseas: Slight increase due to unchanged level of profitability despite an increase in construction total orders received

● **Operating Profit: 21.7 bn. (YoY 3.5 bn.)**

● **Recurring Profit: 21.1 bn. (YoY 3.3 bn.)**

- Non-operating profit decreased by 0.2 bn. due to decrease of dividends received from affiliates despite the lower interest paid

● **Income before Taxes: 20.4 bn. (YoY 7.8 bn.)**

- Improved significantly due to a substantial decline (5.4 bn. for FY 3/16 to 0.7 bn. for FY 3/17) in extraordinary loss including impairment loss

● **Net Income: 13.4 bn. (YoY 6.6 bn.)**

■ Consolidated

● Operating profit: 24.3 bn. (YoY 3.7 bn.)

● Recurring profit: 23.7 bn. (YoY 4.3 bn.)

● Income before taxes: 23.0 bn. (YoY 8.8 bn.)

● Net income: 15.3 bn. (YoY 7.5 bn.)

	Non-Consolidated						Consolidated					
	FY3/16		FY3/17		Changes		FY3/16		FY3/17		Changes	
Domestic Civil	137.6		143.0		5.4	4.0%	149.4		154.5		5.1	3.4%
Domestic Building	159.3		145.9		-13.4	-8.4%	165.3		149.8		-15.5	-9.4%
Overseas	156.0		178.4		22.4	14.4%	162.5		182.9		20.4	12.6%
Construction Total	452.9		467.4		14.5	3.2%	477.2		487.1		10.0	2.1%
Real Estates	5.0		4.1		-0.9	-17.5%	4.8		4.0		-0.8	-17.5%
Others							9.6		9.2		-0.4	-3.7%
Net Sales	457.9		471.5		13.6	3.0%	491.6		500.3		8.8	1.8%
Domestic Civil	15.0	10.9%	17.0	11.9%	2.1	1.0p	16.9	11.3%	18.4	11.9%	1.5	0.6p
Domestic Building	15.2	9.5%	16.3	11.1%	1.1	1.6p	15.8	9.6%	16.8	11.2%	0.9	1.6p
Overseas	2.4	1.5%	2.9	1.6%	0.5	0.1p	2.6	1.6%	3.1	1.7%	0.5	0.1p
Gross Profit on Construction	32.6	7.2%	36.2	7.7%	3.6	0.6p	35.3	7.4%	38.2	7.8%	2.9	0.4p
Real Estates	-0.4	-9.0%	0.7	16.9%	1.1	25.8p	-0.4	-9.2%	0.7	17.5%	1.1	26.7p
Others							1.1	11.9%	2.0	21.3%	0.8	9.3p
Total Gross Profit	32.1	7.0%	36.9	7.8%	4.8	0.8p	36.0	7.3%	40.9	8.2%	4.9	0.8p
SG & A	14.0	3.1%	15.3	3.2%	1.2	0.2p	15.4	3.1%	16.6	3.3%	1.2	0.2p
Domestic Civil	7.6	5.5%	8.8	6.1%	1.2	0.6p						
Domestic Building	10.1	6.4%	10.9	7.4%	0.7	1.1p						
Overseas	1.0	0.6%	1.5	0.8%	0.5	0.2p						
Real estates and others	-0.6	-12.7%	0.5	12.9%	1.2	25.6p						
Operating Profit	18.1	4.0%	21.7	4.6%	3.5	0.6p	20.6	4.2%	24.3	4.9%	3.7	0.7p
Non-Operating Profit or Loss	-0.3		-0.5		-0.2		-1.2		-0.6		0.6	
Recurring Profit	17.8	3.9%	21.1	4.5%	3.3	0.6p	19.4	3.9%	23.7	4.7%	4.3	0.8p
Extraordinary Profit or Loss	-5.2		-0.7		4.5		-5.2		-0.7		4.5	
Income before Taxes	12.6	2.8%	20.4	4.3%	7.8	1.6p	14.2	2.9%	23.0	4.6%	8.8	1.7p
Net Income	6.9	1.5%	13.4	2.8%	6.6	1.4p	7.8	1.6%	15.3	3.1%	7.5	1.5p
	FY3/16		FY3/17		Changes		FY3/16		FY3/17		Changes	
Total Assets	356.3		355.3		-1.0		378.8		372.3		-6.5	
Net Assets	74.5	20.9%	87.2	24.5%	12.7	3.6p	80.7	21.3%	96.4	25.9%	15.8	4.6p
Interest-bearing Debt	72.5	20.3%	58.0	16.3%	-14.5	-4.0p	74.2	19.6%	59.7	16.0%	-14.5	-3.5p
Cash and deposits	52.5		64.4		11.9		66.4		72.5		6.1	
Net debt	20.0	5.6%	-6.4	-1.8%	-26.4	-7.4p	7.8	2.1%	-12.7	-3.4%	-20.5	-5.5p

Financial and Capital Policies

Efficient fund procurement

- Improving cash flow management both in domestic and overseas construction projects
- Diversifying fund procurement

Close monitoring of foreign exchange risk

- Optimizing foreign exchange risk by implementing various hedging methods

Improvement of payment conditions for sub-contractors

- Payment by bills ⇒ Payment by cash
- Creating stronger partnership with sub-contractors by improvement of payment conditions

Capital policies

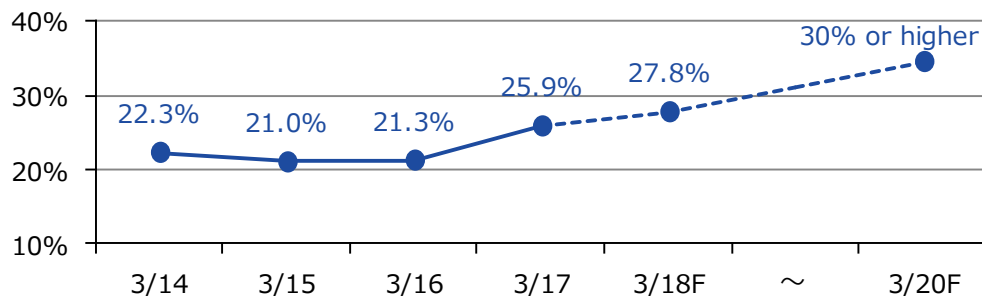
- Improvement of equity ratio
 - Enhancing capital structure by increasing net income
 - Target of Equity Ratio (for FY 3/19): 30% or higher
- Dividends payout ratio
 - Aiming at capital adequacy and the proper level of investment while distributing stable dividends to shareholders
 - Target payout ratio (Consolidated) 20 to 25%
 - Term end dividends for FY3/16: 12 yen
 - (3 yen increase to initial dividends forecast announced in April 2016)
 - Term end dividends for FY3/17 (Forecasts): 12 yen

Transition of cash flow and debt

(JPY bn)

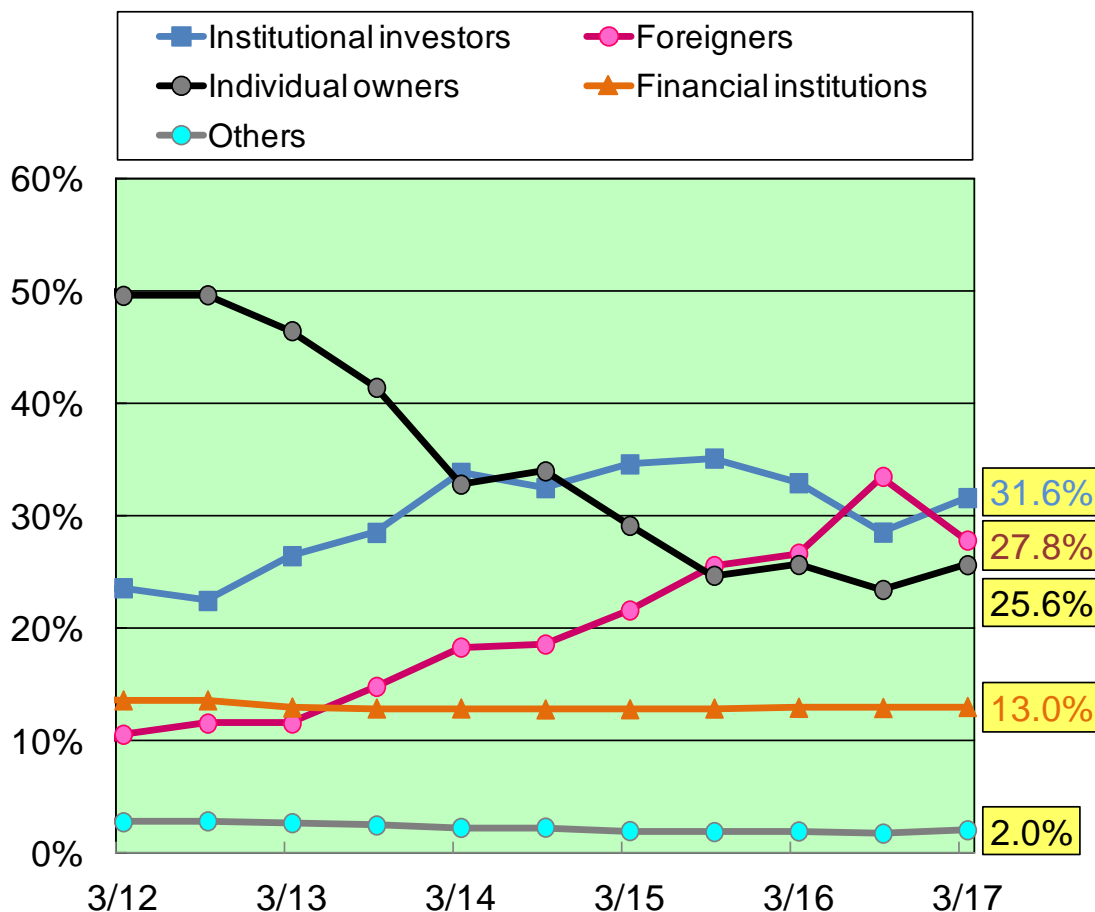
	Mid-term Management Plan (FY3/15 - FY3/17)			Mid-term Management Plan (FY3/18 - FY3/20)		
	3/15	3/16	3/17	3/18F	3/19F	3/20F
Consolidated						
Cash flow from operations	-4.6	55.2	31.3	-9.0	-6.0	14.0
Cash flow from investment	-9.1	-4.7	-9.1	-9.0	-9.0	-8.0
Cash flow from financing	19.1	-20.7	-15.5	-3.5	-4.0	-4.0
Balance of cash and deposit	38.5	66.4	72.5	51.0	32.0	34.0
Balance of debt with interest	94.9	74.2	59.7	60.0	60.0	60.0
(Change from the previous year)	20.0	-20.7	-14.5	0.3	0.0	0.0
Non-Consolidated						
Balance of cash and deposit	28.2	52.5	64.4	46.0	27.0	29.0
Balance of debt with interest	92.9	72.5	58.0	58.0	58.0	58.0
(Change from the previous year)	20.0	-20.4	-14.5	0.0	0.0	0.0

Equity ratio



Major Shareholders

- Issued common stock : 286,013,910 (inclusive of 110,614 of treasury stock)
- Number of shareholders : 39,241 (increase of 4,191 from Mar 2017)
- Component : Institutional investors 31.6% (-1.3p), Foreigners 27.8% (+1.2p), Individual owners 25.6% (-0.0p), Financial institutions 13.0% (+0.1p), Others 2.0% (+0.1p)



Top 10 shareholders

as of 31 Mar 2017

Name of shareholders	Shares held (in thousands)	Voting right ratio (%)
Japan Trustee Service Bank, Ltd. (Trust account)	32,783	11.5
The Master Trust Bank of Japan, Ltd. (Trust account)	12,969	4.5
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Co.	6,656	2.3
JUNIPER	5,318	1.9
Japan Trustee Service Bank, Ltd. (Trust account 5)	4,568	1.6
NOMURA BANK (LUXEMBOURG) S. A. S/A NOMURA MULTI CURRENCY JAPAN STOCK LEADERS FUND	4,480	1.6
Sompo Japan Nipponkoa Insurance Inc.	4,280	1.5
CBNY – GOVERNMENT OF NORWAY	4,162	1.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,934	1.4
Total held by top 10 shareholders	86,210	30.2