

Financial Results for 2Q of FY3/21 & Forecasts for FY3/21

Nov. 2020



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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 for 2Q of FY3/21 (Non-Consolidated)

(JPY bn)

		FY3/20 2Q	FY3/21 2Q	Change fm FY3/20 2Q	YoY
Domestic Civil Engineering	Public Sector	55.1	63.1	8.0	14.6%
	Private Sector	19.6	18.9	-0.7	-3.5%
	Total	74.7	82.0	7.4	9.8%
Domestic Building Construction	Public Sector	5.8	23.3	17.5	299.4%
	Private Sector	65.5	50.4	-15.1	-23.0%
	Total	71.4	73.7	2.4	3.3%
Overseas	Civil Engineering	15.8	1.3	-14.5	-91.8%
	Building Construction	7.6	24.8	17.2	226.8%
	Total	23.3	26.1	2.7	11.7%
	Civil Engineering	90.5	83.3	-7.1	-7.9%
	Building Construction	78.9	98.5	19.6	24.8%
	Construction Total	169.4	181.9	12.5	7.4%
Others		0.1	0.2	0.0	7.0%
Total		169.5	182.0	12.5	7.4%

FY3/20	FY3/21 (Forecast)	Achievement ratio
126.7	150.0	42.1%
66.1	50.0	37.8%
192.8	200.0	41.0%
24.5	10.0	232.8%
140.6	170.0	29.7%
165.1	180.0	41.0%
66.9	70.0	1.8%
14.6	105.0	23.6%
81.5	175.0	14.9%
259.7	270.0	30.9%
179.7	285.0	34.6%
439.4	555.0	32.8%
0.4	0.5	31.1%
439.8	555.5	32.8%

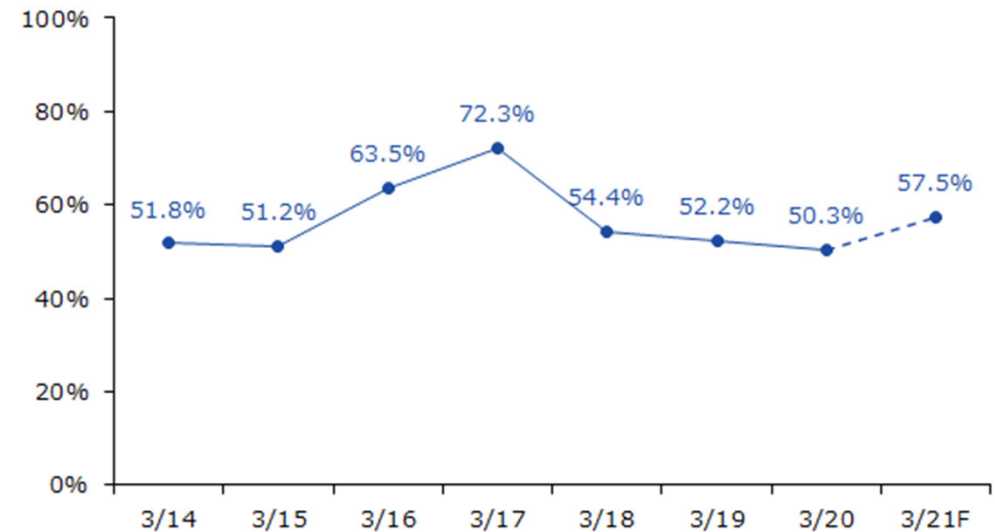
■ Proportion of Orders Received Results (Non-Consolidated)

● Domestic Civil Engineering

(JPY bn)

		FY3/18	FY3/19	FY3/20	FY3/21		
		Result	Result	Result	FY3/21 (Forecast)	FY3/21 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	120.5	134.0	126.7	150.0	63.1	42.1%
	Private Sector	46.3	28.4	66.1	50.0	18.9	37.8%
	Total	166.8	162.4	192.8	200.0	82.0	41.0%
	Proportion of Private Sector	27.8%	17.5%	34.3%	25.0%	23.1%	—
Proportion of Marine & Land	Marine Civil Engineering	90.7	84.7	97.0	115.0	58.1	50.6%
	Land Civil Engineering	76.1	77.6	95.7	85.0	23.9	28.1%
	Total	166.8	162.4	192.8	200.0	82.0	41.0%
	Proportion of Marine Civil	54.4%	52.2%	50.3%	57.5%	70.9%	—

Marine Civil Portion

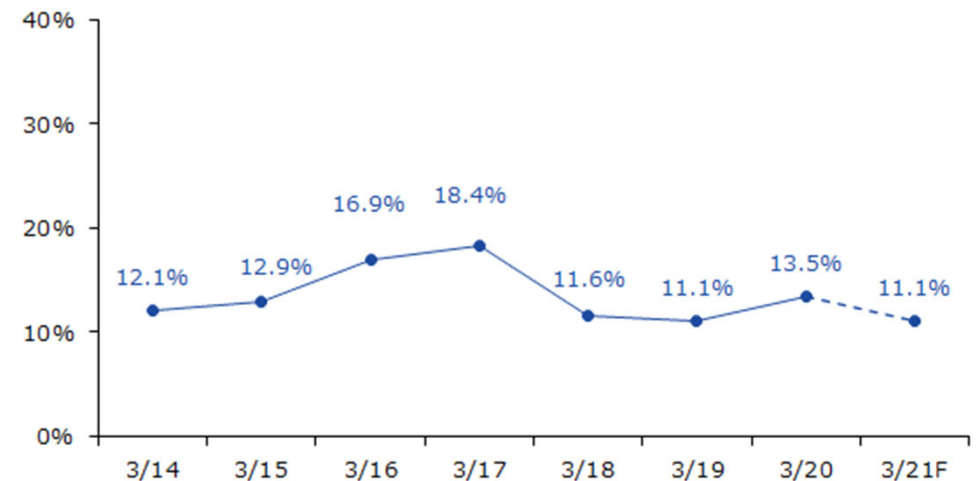


● Domestic Building Construction

(JPY bn)

		FY3/18	FY3/19	FY3/20	FY3/21		
		Result	Result	Result	FY3/21 (Forecast)	FY3/21 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	15.6	14.8	24.5	10.0	23.3	232.8%
	Private Sector	184.9	159.1	140.6	170.0	50.4	29.7%
	Total	200.5	173.9	165.1	180.0	73.7	41.0%
	Proportion of Private Sector	92.2%	91.5%	85.2%	94.4%	68.4%	—
Proportion of Residential & Non-Residential	Residential	23.3	19.3	22.3	20.0	0.7	3.3%
	Non-Residential	177.2	154.6	142.8	160.0	73.0	45.7%
	Total	200.5	173.9	165.1	180.0	73.7	41.0%
	Proportion of Residential	11.6%	11.1%	13.5%	11.1%	0.9%	—

Residential Portion



■ Business Results for 2Q of FY3/21

– First profit decline in 8 terms, but profit was significantly higher than the projected result for 2Q –

■ Consolidated

● **Net Sales: JPY227.4bn (YoY – JPY67.9 bn)**

- Domestic Civil Engineering: Sales decreased only slightly due to steady construction progress in public sector
- Domestic Building Construction: Sales declined due to a lull in large-scale construction projects
- Overseas: Sales declined due to the negative impact of COVID-19 and other factors

● **Operating Profit: JPY15.0 bn (YoY – JPY2.2 bn)**

- Domestic Civil Engineering: Increased due to improvement in profit margin
- Domestic Building Construction: Secured profit in line with the projected 2Q result despite lower sales
- Overseas: Maintained previous-year level profit due to improvement in profit margin

Consolidated	2Q			Entire term	
	FY3/21	Change rate from FY3/20 2Q	Achievement ratio	FY3/21 Forecast	Change rate from FY3/20
Construction Total	223.6	-23.3%	1.6%	486.0	-13.9%
Others	3.8	-1.7%	17.3%	7.0	-27.9%
Net Sales	227.4	-23.0%	1.9%	493.0	-14.1%
Gross Profit on Construction	23.5	-7.9%	9.2%	46.0	-9.7%
Others	0.9	22.3%	28.6%	1.5	56.7%
Total Gross Profit	24.4	-7.1%	9.8%	47.5	-8.5%
Operating Profit	15.0	-12.8%	19.7%	27.5	-17.1%
Ordinary Income	15.1	-13.1%	22.6%	27.0	-17.0%
Net Income	10.5	-13.1%	22.0%	18.5	-20.8%

(JPY bn)

	Non-Consolidated						Consolidated					
	FY3/20 2Q		FY3/21 2Q		Change from FY3/20 2Q		FY3/20 2Q		FY3/21 2Q		Change from FY3/20 2Q	
Domestic Civil	93.6		89.6		-4.0		102.6		95.0		-7.6	
Domestic Building	105.3		68.6		-36.7		108.3		69.9		-38.4	
Overseas	77.8		56.8		-21.0		80.5		58.7		-21.8	
Construction Total	276.8		215.0		-61.8		291.4		223.6		-67.8	
Others	0.1		0.2		0.0		3.8		3.8		-0.1	
Net Sales	276.9		215.1		-61.8		295.2		227.4		-67.9	
Domestic Civil	12.8	13.6%	14.0	15.7%	1.3	2.0p	13.4	13.1%	14.8	15.6%	1.4	2.6p
Domestic Building	7.8	7.4%	4.8	7.1%	-3.0	-0.4p	8.4	7.7%	5.1	7.2%	-3.3	-0.5p
Overseas	3.2	4.2%	3.1	5.5%	-0.1	1.3p	3.7	4.6%	3.6	6.1%	-0.2	1.5p
Gross Profit on Construction	23.8	8.6%	22.0	10.2%	-1.8	1.6p	25.5	8.8%	23.5	10.5%	-2.0	1.7p
Others	-0.0	-26.3%	0.1	47.2%	0.1	73.5p	0.7	19.3%	0.9	24.0%	0.2	4.7p
Total Gross Profit	23.8	8.6%	22.0	10.2%	-1.7	1.7p	26.2	8.9%	24.4	10.7%	-1.9	1.8p
SG & A	8.4	3.0%	8.5	4.0%	0.1	0.9p	9.1	3.1%	9.4	4.1%	0.3	1.1p
Domestic Civil	8.2	8.8%	9.3	10.4%	1.2	1.7p	8.6	8.4%	9.9	10.4%	1.3	2.1p
Domestic Building	4.8	4.6%	1.7	2.5%	-3.1	-2.1p	5.3	4.9%	1.9	2.7%	-3.4	-2.2p
Overseas	2.4	3.1%	2.4	4.2%	-0.0	1.1p	2.8	3.5%	2.6	4.4%	-0.2	0.9p
Others	-0.1	-41.5%	0.1	37.9%	0.1	79.4p	0.5	11.9%	0.6	15.9%	0.1	4.0p
Operating Profit	15.4	5.6%	13.5	6.3%	-1.9	0.7p	17.2	5.8%	15.0	6.6%	-2.2	0.8p
Non-Operating Income or Expenses	0.2		0.2		-0.1		0.2		0.1		-0.1	
Ordinary Income	15.6	5.6%	13.6	6.3%	-1.9	0.7p	17.4	5.9%	15.1	6.6%	-2.3	0.8p
Extraordinary Income or Expenses	0.1		-0.4		-0.5		0.1		-0.3		-0.5	
Income before Taxes	15.7	5.7%	13.3	6.2%	-2.4	0.5p	17.5	5.9%	14.7	6.5%	-2.7	0.6p
Net Income	10.8	3.9%	9.5	4.4%	-1.3	0.5p	12.1	4.1%	10.5	4.6%	-1.6	0.5p

	FY3/20		FY3/21 2Q		Changes from FY3/20		FY3/20		FY3/21 2Q		Changes from FY3/20	
Total Assets	419.5		400.1		-19.4		428.9		409.8		-19.0	
Net Assets	126.7	30.2%	130.2	32.5%	3.5	2.3p	141.3	32.9%	145.9	35.6%	4.6	2.7p
Interest-bearing Debt	74.7	17.8%	72.7	18.2%	-2.0	0.4p	77.5	18.1%	76.8	18.7%	-0.8	0.7p
Cash and Deposits	40.5		43.9		3.4		43.6		50.4		6.8	
Net Debt	34.3	8.2%	28.8	7.2%	-5.4	-1.0p	33.9	7.9%	26.4	6.4%	-7.5	-1.5p

※ Please note that business results of overseas subsidiaries which were previously part of "Others" are now allocated under "Overseas"

Business Forecasts for FY3/21

(JPY bn)

	Non-Consolidated									
	2Q								Entire term	
	FY3/21 2Q Forecast		FY3/21 2Q		Change fm FY3/21 2Q Forecast		Achievement ratio	FY3/21 Forecast		
Domestic Civil	90.0		89.6		-0.4		48.4%	185.0		
Domestic Building	70.0		68.6		-1.4		45.7%	150.0		
Overseas	50.0		56.8		6.8		43.7%	130.0		
Construction Total	210.0		215.0		5.0		46.2%	465.0		
Others	0.2		0.2		-0.0		31.1%	0.5		
Net Sales	210.2		215.1		4.9		46.2%	465.5		
Domestic Civil	12.7	14.1%	14.0	15.7%	1.3	1.5p	54.0%	26.0	14.1%	
Domestic Building	5.1	7.3%	4.8	7.1%	-0.3	-0.2p	44.0%	11.0	7.3%	
Overseas	2.3	4.6%	3.1	5.5%	0.8	0.9p	51.7%	6.0	4.6%	
Gross Profit on Construction	20.1	9.6%	22.0	10.2%	1.9	0.6p	51.1%	43.0	9.2%	
Others	0.0	0.0%	0.1	47.2%	0.1	47.2p	-	0.0	0.0%	
Total Gross Profit	20.1	9.6%	22.0	10.2%	1.9	0.7p	51.3%	43.0	9.2%	
SG & A	9.0	4.3%	8.5	4.0%	-0.5	-0.3p	46.2%	18.5	4.0%	
Domestic Civil	7.7	8.6%	9.3	10.4%	1.6	1.9p	58.4%	16.0	8.6%	
Domestic Building	2.0	2.9%	1.7	2.5%	-0.3	-0.3p	38.4%	4.5	3.0%	
Overseas	1.4	2.8%	2.4	4.2%	1.0	1.4p	59.1%	4.0	3.1%	
Others	0.0	0.0%	0.1	37.9%	0.1	37.9p	-	0.0	0.0%	
Operating Profit	11.1	5.3%	13.5	6.3%	2.4	1.0p	55.1%	24.5	5.3%	
Non-Operating Income or Expenses	-0.2		0.2		0.4			-0.5		
Ordinary Income	10.9	5.2%	13.6	6.3%	2.7	1.2p	56.9%	24.0	5.2%	
Extraordinary Income or Expenses	-0.1		-0.4		-0.3			-0.5		
Income before Taxes	10.8	5.1%	13.3	6.2%	2.5	1.0p	56.5%	23.5	5.0%	
Net Income	7.6	3.6%	9.5	4.4%	1.9	0.8p	57.3%	16.5	3.5%	

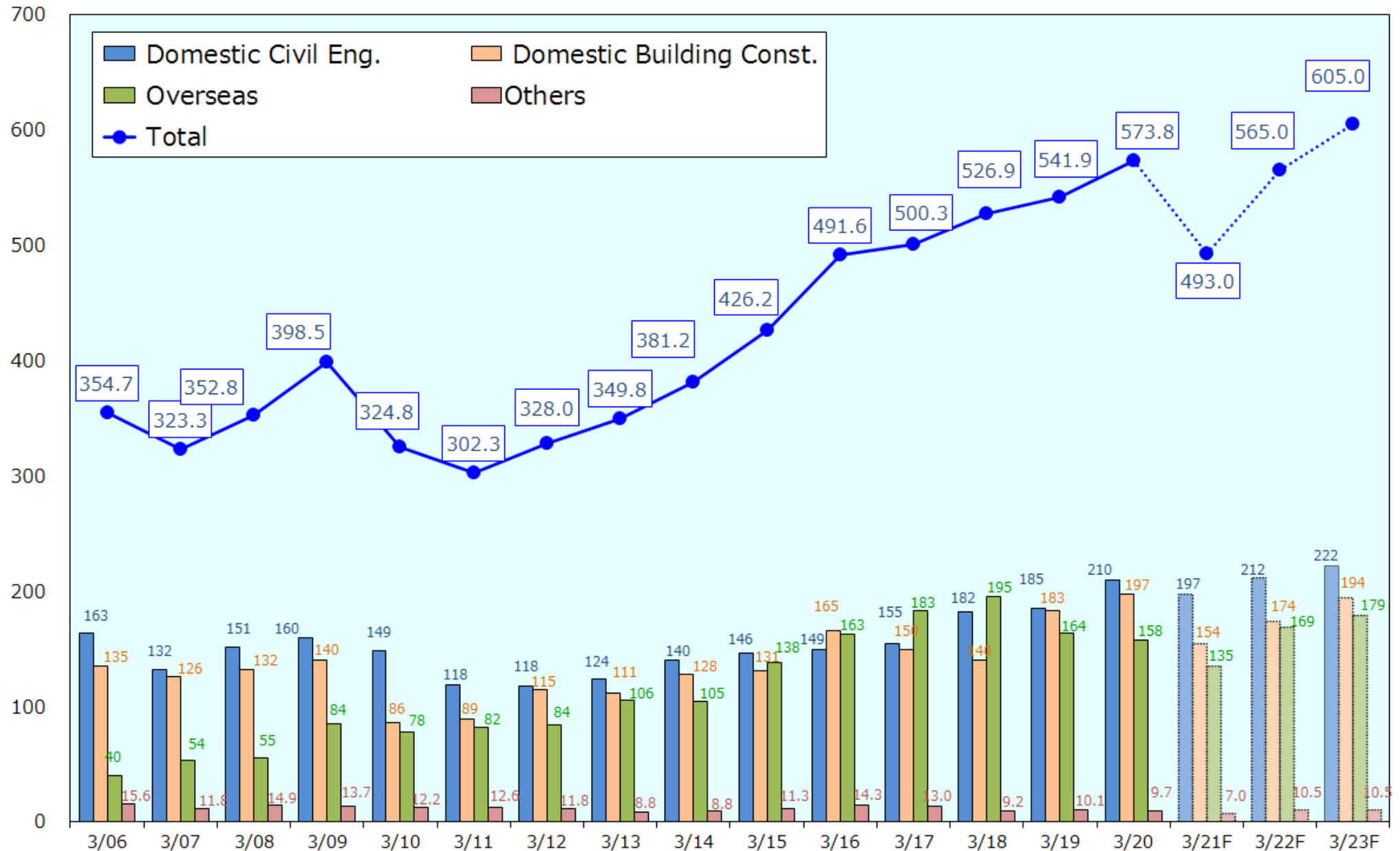
			FY3/21 2Q					FY3/21 Forecast	
Total Assets			400.1					400.0	
Net Assets			130.2	32.5%				136.3	34.1%
Interest-bearing Debt			72.7	18.2%				77.0	19.3%
Cash and Deposits			43.9					50.0	
Net Debt			28.8	7.2%				27.0	6.8%

	Consolidated									
	2Q								Entire term	
	FY3/21 2Q Forecast		FY3/21 2Q		Change fm FY3/21 2Q Forecast		Achievement ratio	FY3/21 Forecast		
	96.0		95.0		-1.0		48.2%	197.0		
	72.0		69.9		-2.1		45.4%	154.0		
	52.0		58.7		6.7		43.4%	135.0		
	220.0		223.6		3.6		46.0%	486.0		
	3.2		3.8		0.6		53.6%	7.0		
	223.2		227.4		4.2		46.1%	493.0		
	13.5	14.1%	14.8	15.6%	1.3	1.6p	53.8%	27.6	14.0%	
	5.3	7.4%	5.1	7.2%	-0.2	-0.1p	44.1%	11.5	7.5%	
	2.7	5.2%	3.6	6.1%	0.9	0.9p	51.8%	6.9	5.1%	
	21.5	9.8%	23.5	10.5%	2.0	0.7p	51.0%	46.0	9.5%	
	0.7	21.9%	0.9	24.0%	0.2	2.1p	60.0%	1.5	21.4%	
	22.2	9.9%	24.4	10.7%	2.2	0.8p	51.3%	47.5	9.6%	
	9.7	4.3%	9.4	4.1%	-0.3	-0.2p	47.1%	20.0	4.1%	
	8.3	8.6%	9.9	10.4%	1.6	1.8p	58.0%	17.1	8.7%	
	2.1	2.9%	1.9	2.7%	-0.2	-0.2p	38.9%	4.8	3.1%	
	1.7	3.3%	2.6	4.4%	0.9	1.2p	55.2%	4.7	3.5%	
	0.4	12.5%	0.6	15.9%	0.2	3.4p	66.4%	0.9	12.9%	
	12.5	5.6%	15.0	6.6%	2.5	1.0p	54.4%	27.5	5.6%	
	-0.2		0.1		0.3			-0.5		
	12.3	5.5%	15.1	6.6%	2.8	1.1p	55.9%	27.0	5.5%	
	-0.1		-0.3		-0.2			-0.5		
	12.2	5.5%	14.7	6.5%	2.5	1.0p	55.6%	26.5	5.4%	
	8.6	3.9%	10.5	4.6%	1.9	0.8p	56.7%	18.5	3.8%	

			FY3/21 2Q					FY3/21 Forecast	
			409.8					420.0	
			145.9	35.6%				152.9	36.4%
			76.8	18.7%				82.0	19.5%
			50.4					54.0	
			26.4	6.4%				28.0	6.7%

Trends of Sales by Business Unit (consolidated)

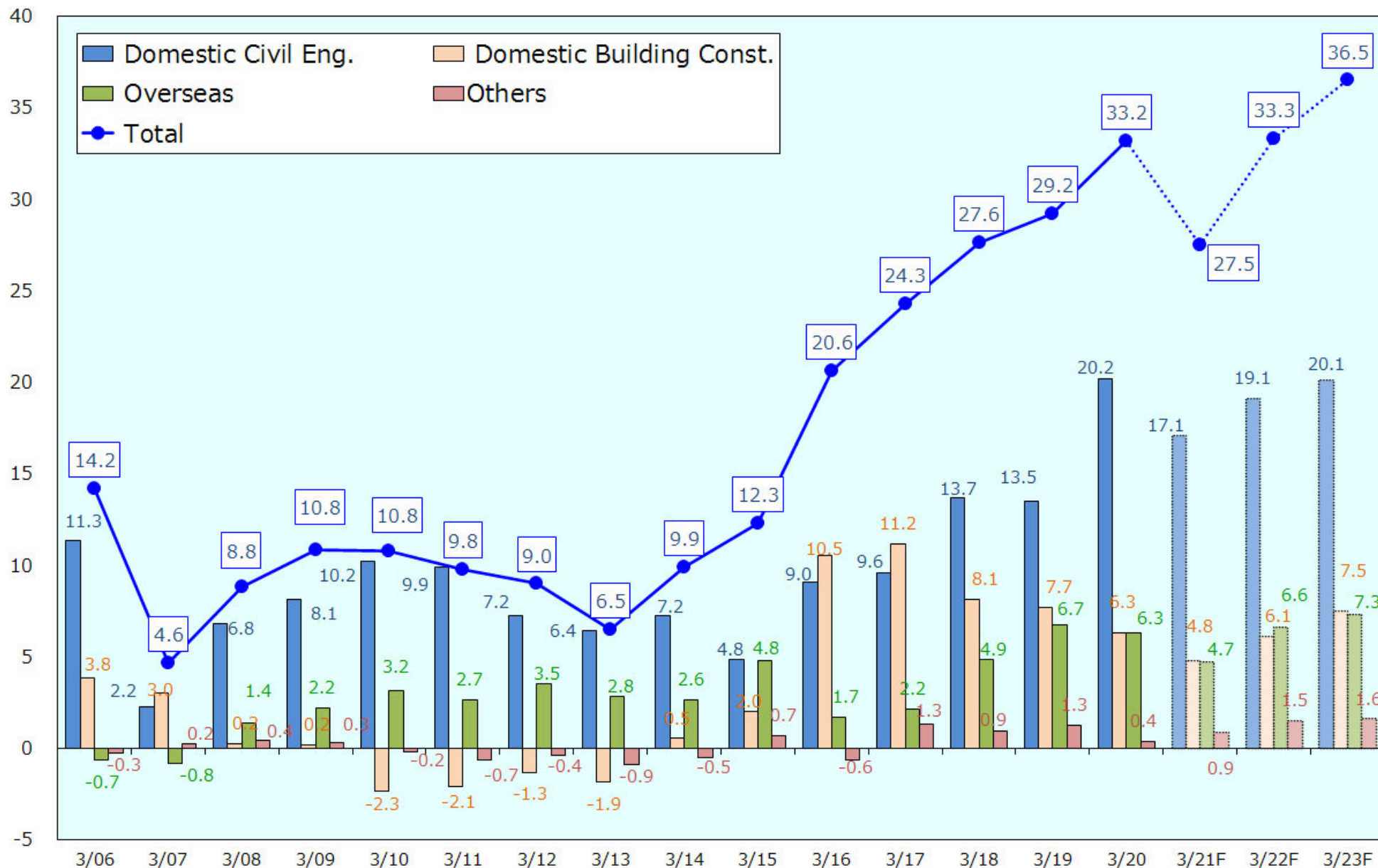
(JPY bn)



Note: The above chart has not been updated since May 2020

■ Trends of Operating Profit by Business Unit (consolidated)

(JPY bn)



Note: The above chart has not been updated since May 2020

■ Responding to demand for funds

- Issuance of JPY 10 bn green bonds (October 2020)
The world's first CBI* certification for construction of a SEP vessel
*CBI : Climate Bonds Initiative: An international NGO that promotes large-scale investment for a low-carbon economy
- Redemption of JPY 10 bn in straight bonds (September 2020) and new issuance (October 2020)
- JPY 10 bn in bank borrowings (First half) and Redemption of JPY 18 bn in CP (April 2020)
- Consolidated interest-bearing debt at the end of FY3/21: JPY 82 bn (+4.5 bn)

■ Strengthening global cash flow management

- Implementing thorough cash flow management for both domestic and overseas projects
- Conducting centralized management of all projects including overseas to enhance capital use efficiency

■ Appropriate management of Foreign Exchange risk

- Increase of overseas business volume
 - Mitigating foreign exchange risks by conducting appropriate currency hedging
- Expansion of overseas business areas
 - Strengthening risk management of minor currencies

■ Dividends

- Basic profit distribution policy
 - Aiming at enhancement of capital adequacy and capital investment while providing steady and appropriate shareholder returns
 - Raising target of payout ratio (consolidated)
25 to 30% (from FY 3/19 -) → **30% or higher from FY3/21**
FY3/20: Up JPY4 compared to the forecast at the beginning of the fiscal year Dividends: JPY24 (Payout ratio: 29.4%)
FY3/21: Ordinary dividend JPY20 (Payout ratio: 30.9%)
Plus JPY5 commemorative dividend for the company's 125th anniversary of the founding (JPY25 in total)

Balance of interest-bearing debt

(JPY bn)

	Entire Term			2Q	
	3/19	3/20	3/21F	3/20 2Q	3/21 2Q
Consolidated					
Cash flow from operations	-6.6	4.4	27.0	-24.5	21.8
Cash flow from investment	-11.2	-9.1	-13.5	-3.1	-6.9
Cash flow from financing	-12.5	13.5	-3.0	41.5	-7.9
Balance of cash and deposit	36.2	43.6	54.0	49.0	50.4
Balance of debt with interest	59.5	77.5	82.0	105.8	76.8
(Change from the previous year)	-8.0	18.0	4.5	46.3	-0.8
Non-Consolidated					
Balance of cash and deposit	31.2	40.5	50.0	42.0	43.9
Balance of debt with interest	57.8	74.7	77.0	104.1	72.7
(Change from the previous year)	-8.0	16.9	2.3	46.3	-2.0

Dividend per share, Dividends payout ratio, Equity ratio on a consolidated basis

	3/18	3/19	3/20	3/21F	3/21F※
Dividend per share (Yen)	14.0	19.0	24.0	20.0	25.0
Dividend payout ratio (%)	22.5	28.7	29.4	30.9	38.6
Equity ratio (%)	26.8	33.0	32.9	36.4	

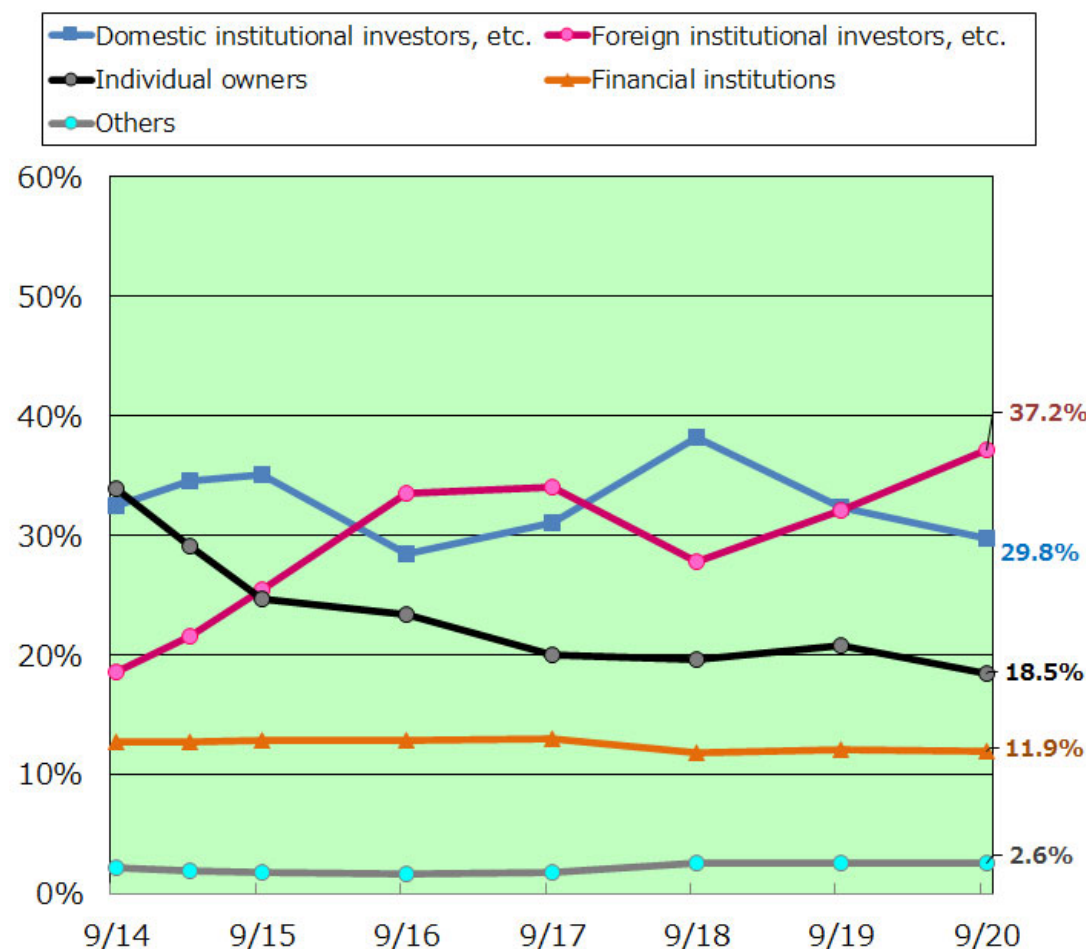
※Including commemorative dividend

■ Shareholder Composition

- Issued common stock: 286,013,910, including 210,306 of the treasury stocks
- Number of shareholders: 34,140 (down 3,323 over the previous term)
- Shareholder composition: Domestic institutional investors, etc 29.8% (down 1.7p), Foreign institutional investors, etc 37.2% (up 4.0p), Individual owners 18.5% (down 1.9p), Financial institutions 11.9% (down 0.4p), Other domestic corporations 2.6% (down 0.1p) → Institutional investors in and out of Japan 67.0% (up 2.4p)

Top 10 shareholders

As of 30 Sep. 2020



Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
Custody Bank of Japan, Ltd. (Trust account)	28,969	10.1
The Master Trust Bank of Japan, Ltd. (Trust account)	24,826	8.7
STATE STREET BANK AND TRUST COMPANY 505001	9,546	3.3
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	6,656	2.3
Government of Norway	5,497	1.9
Custody Bank of Japan, Ltd. (Trust account 5)	5,193	1.8
JP Morgan Chase Bank 385781	4,863	1.7
JUNIPER	4,338	1.5
Sompo Japan Insurance Inc.	4,280	1.5
Total held by top 10 shareholders	101,231	35.4