

# Medium-Term Management Plan

(For the Fiscal Years Ending March 31, 2013 and 2014)

## Construction Market Outlook

### Short-Term Outlook

- **Public Works Projects:**  
Declining trend; selection and focus; budgetary allocations to disaster-preparation and other fields related to public comfort and security
- **Private-Sector Demand:**  
Corporate earnings slacken, primarily among manufacturers, due to the major earthquake damage and Thai floods
- **Large-Scale Projects:**  
Large-Scale projects seen starting second-half of the fiscal year ending 2013
- **Overseas:**  
Southeast Asia brisk growth to continue with projects such as MRT in Singapore and 10 major infrastructure projects in Hong Kong

### Medium-Term Outlook

- **Public Works Projects:**  
Declining trend to ease temporarily on disaster-recovery projects, but the Group will undertake further selection and focus on business in preparation for the future
- **Private-Sector Demand:**  
Gradual economic recovery, growing capital investment and recovery of housing market, but with disparities among industries, firms and regions
- **Large-Scale Projects:**  
Progress on projects such as airports/harbor hubs, the Linear Chuo Shinkansen (bullet train), environment-related works and renewable energy
- **Overseas:**  
Singapore and Hong Kong remain strong; new business opportunities in Southeast and South Asia

**Time of technology and price competition  
in which only firms with superior technology and  
project planning skills can survive**

## Medium-Term Management Plan Basic Policies

### Target Firm Image

**“No. 1 Contractor in Coastal and Waterfront Areas”**  
**Transition from general contractor model to core business-integrated model**

### Basic Management Policies

1. Maintain business volume
2. Build competitiveness
3. Further improve quality of operations
4. Enter new fields, undertake capital investment
5. Strengthen the operating base

## Japan's First Large-Scale Self-propelled Multi-purpose Working Vessel

CP-5001, a large-scale Self-propelled Multi-purpose working vessel, went into service in June 2012. It is a working ship designed for offshore civil engineering works, and first of its kind vessel in Japan capable of navigating itself through coastal waters. It is equipped with a 500t-class all-swivel crane, and can handle various tasks, such as dredging to excavate soil from the seabed or steel pipe pile driving. CP-5001 is equipped with marine broadband and other systems employing the most up-to-date technologies, and was designed with workers' comfort as well as energy-savings and other environmental considerations in mind. Penta-Ocean Group is bolstering its mainstay offshore civil engineering sector with the introduction of cutting-edge equipment. Toward this end, the Group used proceeds from its initial public offering to begin construction of CP-5001 in 2011. And we are currently in the process of building a self-propelled cutter dredger. We will continue to strive to increase our competitive strengths.



## Target Earnings under Our Management Plan

	Medium-Term Management Plan			
	2013 Plan		2014 Plan	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
<b>Target Earning</b>				
Construction Orders Received	¥ —	¥ 305.0	¥ —	¥ 305.0
Net Sales	347.0	327.0	327.0	306.0
Gross Profit	23.8	22.7	25.3	23.5
SG&A	15.3	14.0	14.8	13.5
Operating Income	8.5	8.7	10.5	10.0
Ordinary Income	6.6	7.0	8.4	8.0
Net Income	1.7	2.3	2.6	2.5
<b>Consolidated Financial Targets</b>				
ROE (%)	22% or greater		23% or greater	
Interest-Bearing Debt (¥ billion)	¥72.2 or less		¥67.2 or less	
D/E Ratio (%)	1.1% or less		1.0% or less	

### Shareholder Dividend

- Stable shareholder dividend
- Planned 2013 year-end dividend: ¥2 per share

### Major Targets (Consolidated)

- 2013: Ordinary Income: ¥6.6 billion or greater  
Debt-Equity Ratio: 1.1% or less
- 2014: Ordinary Income: ¥8.4 billion or greater  
Debt-Equity Ratio: 1.0% or less

## Major Operating Trends/Projection (Consolidated)

