

## Message from the President



*"We are aiming to become a globally No.1 contractor in port, coastal and waterfront areas."*

*T. Shimizu*

**Takuzo Shimizu**  
President, Chief Executive Officer and Representative Director

Penta-Ocean Construction Co., Ltd. is now celebrating its 121st anniversary since its founding as Mizuno Gumi in Kure City, Hiroshima Prefecture in 1896. Our initial business in marine civil engineering works has significantly expanded to land civil engineering works and building construction works. We have had historical involvement in numerous and notable major projects overseas, particularly the Suez Canal Widening and Deepening project in Egypt, etc. This year is the 53rd year since the establishment of our Singapore Branch Office. This office has also functioned as the headquarters of our International Business Unit since April of 2015. We are now aiming to become a globally No.1 contractor in port, coastal and waterfront areas. Therefore, we will continue consistent efforts to thoroughly master the contracting business and pursue a professional behavior.

The business environment surrounding the construction industry remains favorable both in Japan and overseas. In addition to steady public and private investments with the implementation of Abenomics, construction projects related to the Tokyo Olympic and Paralympic Games will enter a crucial stage, and increasing inbound related demand, such as for cruise terminals, accommodation facilities and commercial

facilities, is expected. In the overseas market, we also anticipate continued healthy investment in construction projects in Singapore and Hong Kong, which are our bases. Furthermore, we expect the expansion of infrastructure investment in Southeast Asia and Africa owing to the government's promotion of high quality infrastructure exports.

FY3/17 was the final fiscal year of our Medium Term Management Plan. Thanks to plenty of backlog of construction projects and improvement of our construction margin, our company could record our highest profit in three consecutive terms as well as an increase in both sales and profits for three consecutive terms. In our new Medium Term Management Plan for three years, whose beginning year is FY3/18, our goal in the final fiscal year, FY3/20, is for 580 billion yen in net sales, 17 billion yen in net income and a 30% or higher equity ratio.

Penta-Ocean Construction Group is practicing CSR management in thinking that our greatest contribution to society is the construction of superior infrastructure. We will establish a corporate culture of openness while always having high ethical standards and cherishing technologies, and build a workplace where diverse personnel can actively work, regardless of gender or nationality.



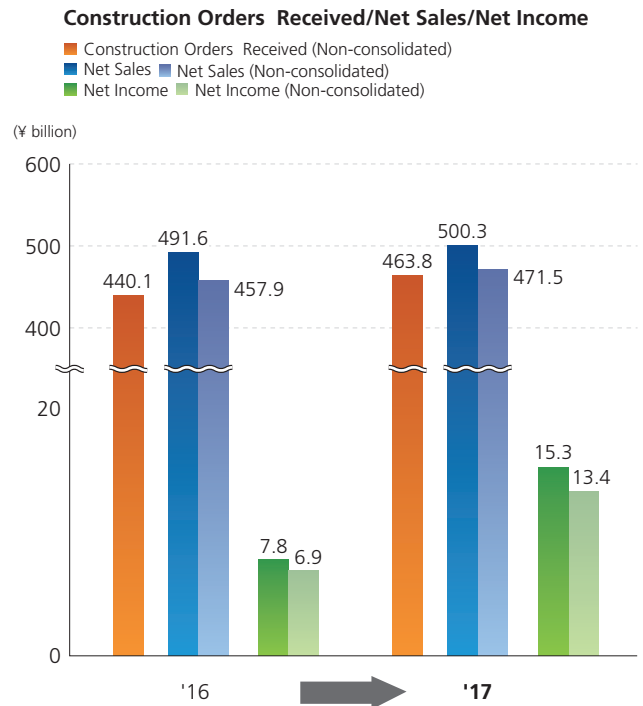
## Could you explain the consolidated results in FY3/17?



All three units of domestic civil engineering, domestic building construction and overseas vastly increased their amount of construction compared to the targets of the plan. The increase in the profit of the domestic building construction unit was also remarkable and all three units gradually established organization together for well-balanced profit contribution.

In FY3/17, net sales were 500.3 billion yen (1.8% increase from FY3/16), operating income was 23.7 billion yen (17.7% increase from FY3/16), ordinary income was 23.7 billion yen (22.2% increase from FY3/16), profit attributable to owners of parent was 15.2 billion yen (95.6% increase from FY3/16).

In addition, further improvement of our financial standing including the adequacy of our equity capital, reduction in our interest-bearing debt or improvement in our ROE has been achieved, which has led to a dividend increase for three consecutive terms.



## Could you explain the New Medium-Term Management Plan?



In our new management plan, oriented to FY3/22, we will build strong foundations and aim to gradually expand our business considering our 125th anniversary. As a manufacturing company, we will enhance our sales force supported by technology, on-site capabilities and technical strengths. Additionally, we will master the contracting business, and make sure to take on the challenge of works worth being done as Penta Ocean Construction. Our goal in the final fiscal year, FY3/20, is 580 billion yen in net sales (15.9% increase from FY3/17), 17 billion yen in net income (11.3% increase from FY3/17) and a 30% or higher equity ratio.

In order to secure our workforce in the future, we will prevent long working hours, promote working style reforms for scheduled acquisition of holidays, and strive to realize a two-day weekend system. For that purpose, it is essential to increase productivity. While proactively pursuing the systemic innovation of construction production backed by technologies, such as computerized construction methods by utilizing ICT, labor saving and industrialized methods, we will achieve safety and quality improvement as well as an increase in productivity.

