

# Medium-Term Management Plan (FY3/18 to FY3/20)

Now, we have established our "Medium-Term Management Plan (FY3/18 to FY3/20)" for the three years from FY3/18 (the beginning year). We will make the effort to achieve the goals in this plan.

Prospects toward FY3/22 – our 125<sup>th</sup> anniversary

**Globally No.1 contractor in port, coastal and waterfront areas**  
(a corporate group that constantly achieves net sale exceeding \$500 billion)

## Basic Policies

**To achieve steady business expansion as a unique general contractor with distinctive features in port, coastal and waterfront areas and overseas**

## Basic Strategies

1

### **Enhancement of marketing, site operation and technology: "Mastering the contracting business"**

- Reinforcing site operation and cost competitiveness, as well as marketing endorsed by technology
- Development of proprietary core technologies, human resources + Enhancing collaboration with outside technologies/human resources
- Global development of the Penta-Ocean Standards of Safety and Quality
- Future-oriented business development: Offshore wind power plants, and recycling of construction generated sludge and dredged soil, etc.

2

### **Productivity improvement by rationalization of construction production systems: Measures against the nation's shrinking and aging work force**

- Development of productivity improvement technology and its active introduction to construction sites
- Promotion of labor-saving, industrialization, robotization, ICT/AI and BIM/CIM
- Company-wide collaboration across units (Domestic vs. Overseas and Civil Engineering vs. Building Construction)

3

### **Securing and nurturing our future work force and promoting work style reform: Realized by productivity enhancement**

- Introduction of two days off a week (eight days off every four weeks) and initiatives to avoid overwork
- Securing and nurturing diverse human resources: Improvement of the working environment and conditions, and encouraging female employees
- Promotion of globalization: Introduction of a global human resources system, and discovering, nurturing and assigning core human resources
- Securing and nurturing skilled engineers: Reinforcing our relationship with subcontractors and work style reform at construction sites

4

### **Initiatives for CSR based management: Stakeholder oriented management**

- Continuous efforts to improve our corporate governance and risk management
- Ensuring full compliance, including corporate and engineering ethics, and building a corporate culture of openness and trust

## Earnings Targets under Management Plan

### Medium-Term Management Plan

(¥ billion)

	FY 3/17 Result		FY 3/20 Plan	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Construction Orders Received	—	¥463.8	—	¥500.0
Net Sales	¥500.3	471.5	¥580.0	551.0
Gross Profit	40.9	36.9	47.0	43.0
Operating Income	24.3	21.7	27.5	25.0
Ordinary Income	23.7	21.1	27.0	24.5
Net Income	15.3	13.4	17.0	15.0
Earnings Per Share (¥)	53.4	47.0	59.5	52.5

#### Earnings Targets

#### Consolidated Financial Targets

Equity Ratio	25.9%	30.0% or higher
Interest-Bearing Debt (¥ billion)	¥59.7	¥60.0 or less
Net D/E Ratio	(0.1)times	about 0.2times
ROE	17.3%	8% or higher
Payout Ratio	22.5%	20~25%

## Major Operating Trends/Projection (Consolidated)

