

## Message from the President



To affirmatively respond to the customer's trust with reliable safety and product quality, contributing to society through advanced technology

Takuzo Shimizu  
President, Chief Executive Officer and Representative Director

Penta-Ocean Construction Co., Ltd. is now celebrating the 122nd anniversary since its founding as Mizuno-Gumi in Kure City, Hiroshima Prefecture in 1896. Our business has begun with marine civil engineering works and has expanded to land civil engineering works and building construction works. We have had historical involvement in numerous and notable major overseas projects, particularly the Suez Canal Widening and Deepening project in Egypt, etc. This year is the 54th anniversary of the establishment of our base in Singapore.

We are now aiming to become a globally No.1 contractor in port, coastal and waterfront areas. In addition, towards the year 2021 which is the 125th anniversary of the foundation of our company, we will enhance the comprehensive strength of the company through promoting the "Interdepartmental Collaboration" among our three business units of Domestic Civil Engineering, Domestic Building Construction and Overseas.

The world's political and economic situations have been exposed to uncertainties entailed in geopolitical risks in East Asia and the Middle East. The business environment surrounding the construction industry, however, remains

favorable both in Japan and overseas.

The new Medium-term Management Plan that began last year has made a good start from the first fiscal year. Owing to improvement of gross profit margin of construction works on-hand, we achieved the record-high net income for the four consecutive years.

Last fiscal year, both in Japan and overseas, we received several contracts for large-scale projects to lead future growth of our company. In Japan, we received the record-high contract for the commercial facility construction project in front of the Osaka station. We received several contracts for large-scale overseas civil engineering projects such as the record-high contract for the port construction project in Bangladesh, etc.

Our Medium-term Management Plan enters its second year this fiscal year. Under current good business climate, we will solidify the foothold as a distinctive general contractor with strengths in port, coastal and waterfront areas and overseas. Moreover, we will strive to improve productivity to accomplish the "Work Style Reform", such as the 2 days off per week at construction sites, which is one of the most impending management tasks for us. I strongly

do believe that companies ahead of work style reform and productivity improvement will be destined to survive in a competitive market of construction industry.

It is impossible to successfully realize work style reform without promoting the full consciousness of all staff and without improving productivity through introduction of advanced technologies. In addition to nurturing human resources who have the courage to take on new challenges, we will proactively challenge to develop and adopt advanced technologies that will contribute to improving on-site productivity such as utilizing ICT / AI and promoting BIM / CIM.

We will further strengthen “Interdepartmental Collaboration” and aim to be a company that can demonstrate comprehensive strength.

Penta-Ocean Construction Group will continuously practice business management based on Corporate Social Responsibility (CSR) Policy, under the principle of “to construct high-quality infrastructure as one of the best ways to contribute to society”. We always maintain high ethical standards, cherish culture of openness and trust where our technological strength is highly valued, and create the work environments where diversified personnel are able to work with vitality, regardless of gender and nationality.

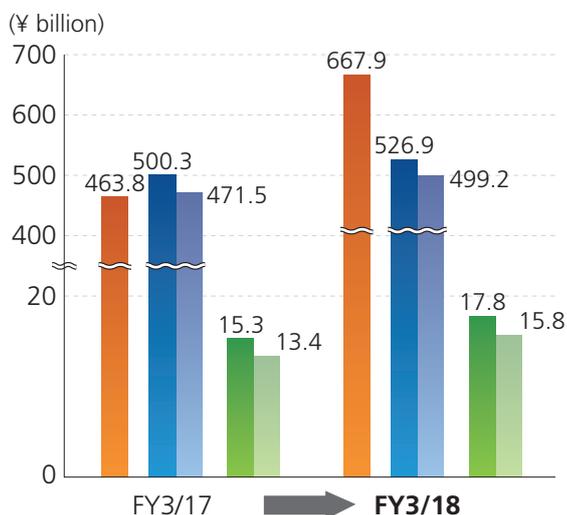
### Upwardly revised goals of the Medium-term Management Plan

In this medium-term management plan, we will be aiming for a further steady business expansion. In FY3/18, which is the initial year of the new medium-term management plan, we made a good start. The results exceeded the initial estimates, marking a record high for the 4th consecutive term. Accordingly, we have revised the target figures for FY3/19 and FY3/20 of the mid-term management plan.

For FY3/20, the final year, we have upwardly revised the target net sales to 590 billion yen (up 10 billion yen) and the target net income to 19 billion yen (up 2 billion yen). We have also raised payout ratio, which is an indicator of return to shareholders, from 20-25% to 25-30%, because the goal of achieving an equity ratio of 30% or higher by the end of FY3/19 is estimated to be attained one year earlier than expected.

#### Construction Orders Received/Net Sales/Net Income

- Construction Orders Received (Non-consolidated)
- Net Sales
- Net Sales (Non-consolidated)
- Net Income
- Net Income (Non-consolidated)



#### Revised Medium-Term Management Plan

- Net Sales
- Operating Profit
- Ordinary Profit
- Net Income

