

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

Now, we have established our "Medium-Term Management Plan (FY3/18 - 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 125th anniversary

Global No.1 contractor in port, coastal and waterfront areas

(A corporate group that constantly achieves net sales exceeding ¥500 billion)

Basic Policy

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 capabilities and technology ~ "Mastering the contracting business"

- Reinforcing site capabilities 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 Penta-Ocean Standards of Safety and Quality
- Future-oriented business development : Offshore wind farms, recycling of construction generated soil and dredged soil, etc.

2

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

- Development and active introduction to construction sites ⇒ leading to better safety control
- Labor-saving, automation and robotization, construction monitoring using ICT/ AI, BIM/CIM
- Organization-wide collaboration across units (Domestic vs. Overseas, Civil Engineering vs. Building Construction)

3

Securing and nurturing future work force, work style reform promotion ~ Realized by productivity enhancement

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

4

Initiatives for CSR based management ~ Stakeholder-oriented management (society, customers, shareholders and employees)

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

Target earnings under Medium-Term Management Plan

Medium-Term Management Plan

(Billions of yen)

	FY 3/18 (Result)		FY 3/20 (Plan)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated

Earnings Targets

Construction Orders Received	—	667.9	—	500.0
Net Sales	526.9	499.2	590.0	561.0
Gross Profit	44.9	40.7	49.8	45.8
Operating Profit	27.6	24.8	30.5	28.0
Ordinary Profit	25.7	22.9	29.5	27.0
Net Income	17.8	15.8	19.0	17.0
Earnings Per Share (¥)	¥62.4	¥55.3	¥66.6	¥59.6

Consolidated Financial Targets

Equity Ratio	26.7%	30.0% or higher
Interest-Bearing Debt	67.5	60.0 or less
Net D/E Ratio	0.0 times	about 0.1 times
ROE	17.1%	8% or higher
Payout Ratio	22.5%	25~30%

Major Operating Trends/Projection (Consolidated)

