

**Financial Results of FY3/18 & Forecasts for FY3/19  
Rivised Medium-term Management Plan  
from FY3/18 to FY3/20**

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**May 2018**



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## 【Disclaimer】

This documents contains forward-looking statements .These statements are not guaranteed of future performance and involve risks and uncertainties and actual results may materially differ from those contains in the forward-looking statements as a result of various factors.

# Orders Received of FY3/18 & Forecasts for FY3/19



(JPY bn)

## Orders Received of FY3/18

### Domestic Civil Engineering Business Unit: JPY166.8 bn (down JPY20.6 bn YoY)

- Marine: JPY90.7 bn (down JPY44.7 bn YoY)
  - Decreased due to the large-scale private orders received previous year
- Land: JPY76.1 bn (up JPY24.1 bn YoY)
  - In good shape due to the robust demands in public sectors, such as construction works of MLIT

### Domestic Building Construction Business Unit: JPY200.5 bn (up JPY24.4 bn YoY)

- Residence: JPY23.3bn (down JPY9.1 bn YoY)
  - Received orders for large-scale redevelopment projects despite the decrease over the previous year
- Non-Residence: JPY177.2 bn (up JPY33.4 bn YoY)
  - Due to the order received for the large-scale private project at JR Osaka station

### Overseas Business Unit: 300.6 bn (up JPY 200.4 bn YoY)

- Civil Engineering: JPY298.4 bn (up JPY 244.6 bn YoY)
  - Significantly increased due to the order received for the large-scale ODA-related project in Bangladesh, as well as a number of large-scale projects in Singapore
- Building Construction: 2.2 bn (down JPY44.3 bn YoY)

## Orders Received Forecasts for FY3/19

Robust demands under the favorable business environment in and out of Japan

- Domestic Civil Engineering Business Unit: Securing orders received, by achieving close cooperation among the Business Units
- Domestic Building Construction Business Unit: Continuously conducting marketing in the company's strong field, and taking initiatives on the inbound tourism consumption
- Overseas Business Unit: Continuously taking initiatives on the large-scale projects, by utilizing the company's strengths

|                                |                          | FY3/17 | FY3/18 |                     | FY3/19 |          |                     |         |
|--------------------------------|--------------------------|--------|--------|---------------------|--------|----------|---------------------|---------|
|                                |                          | Result | Result | Changes from FY3/17 | YoY    | Forecast | Changes from FY3/18 | YoY     |
| Domestic Civil Engineering     | Public Sector            | 113.4  | 120.5  | 7.0                 | 6.2%   | 130.0    | 9.5                 | 7.9%    |
|                                | Private Sector           | 74.0   | 46.3   | -27.6               | -37.4% | 40.0     | -6.3                | -13.7%  |
|                                | Total                    | 187.4  | 166.8  | -20.6               | -11.0% | 170.0    | 3.2                 | 1.9%    |
|                                | Marine Civil Engineering | 135.4  | 90.7   | -44.7               | -33.0% | 100.0    | 9.3                 | 10.2%   |
| Domestic Building Construction | Land Civil Engineering   | 52.0   | 76.1   | 24.1                | 46.3%  | 70.0     | -6.1                | -8.0%   |
|                                | Share of Marine Civil    | 72.3%  | 54.4%  | -                   | -      | 58.8%    | -                   | -       |
|                                | Public Sector            | 46.0   | 15.6   | -30.3               | -66.0% | 10.0     | -5.6                | -36.1%  |
|                                | Private Sector           | 130.2  | 184.9  | 54.7                | 42.0%  | 160.0    | -24.9               | -13.5%  |
| Domestic Construction Total    | Total                    | 176.2  | 200.5  | 24.4                | 13.8%  | 170.0    | -30.5               | -15.2%  |
|                                | Residential              | 32.4   | 23.3   | -9.1                | -28.0% | 20.0     | -3.3                | -14.3%  |
|                                | Non-Residential          | 143.8  | 177.2  | 33.4                | 23.2%  | 150.0    | -27.2               | -15.4%  |
|                                | Share of Residential     | 18.4%  | 11.6%  | -                   | -      | 11.8%    | -                   | -       |
| Overseas Business Unit         | Public Sector            | 159.4  | 136.1  | -23.3               | -14.6% | 140.0    | 3.9                 | 2.9%    |
|                                | Private Sector           | 204.2  | 231.2  | 27.0                | 13.2%  | 200.0    | -31.2               | -13.5%  |
| Domestic Construction Total    |                          | 363.6  | 367.3  | 3.7                 | 1.0%   | 340.0    | -27.3               | -7.4%   |
| Overseas Business Unit         | Civil Engineering        | 53.8   | 298.4  | 244.6               | 455.0% | 100.0    | -198.4              | -66.5%  |
|                                | Building Const.          | 46.5   | 2.2    | -44.3               | -95.3% | 50.0     | 47.8                | 2189.2% |
|                                | Overseas Total           | 100.2  | 300.6  | 200.4               | 199.9% | 150.0    | -150.6              | -50.1%  |
| Construction Total             | Civil Engineering        | 241.2  | 465.2  | 224.0               | 92.9%  | 270.0    | -195.2              | -42.0%  |
|                                | Building Const.          | 222.7  | 202.7  | -19.9               | -9.0%  | 220.0    | 17.3                | 8.5%    |
| Construction Total             |                          | 463.8  | 667.9  | 204.1               | 44.0%  | 490.0    | -177.9              | -26.6%  |
| Real Estates and Others        |                          | 2.1    | 0.7    | -1.5                | -69.1% | 1.0      | 0.3                 | 52.8%   |
| Total                          |                          | 465.9  | 668.6  | 202.6               | 43.5%  | 491.0    | -177.6              | -26.6%  |

# Business Results of FY3/18



(JPY bn)

Achieved record-high profit for the 4<sup>th</sup> consecutive fiscal year on a both consolidated and non-consolidated basis

## ■ Non-consolidated

● **Net Sales of Construction: JPY498.4 bn (up JPY31.1 bn YoY)**

- Domestic civil engineering Business Unit: Significantly increased due to steady progress of marine civil projects
- Domestic building construction Business Unit: Decreased due to less Net Sales of Construction orders received during the FY3/18
- Overseas Business Unit: Increased due to smooth progress of a huge number of projects at hand

● **Gross Profit of Construction: JPY40.7 bn (up JPY4.5 bn YoY)**

- Domestic civil engineering Business Unit: Increased due to not only increased profits, but also improved profit margin
- Domestic building construction Business Unit: Decreased due to decreased profits
- Overseas Business Unit: Increased due to not only increased profits, but also improved profit margin

● **Operating Profit: JPY24.8 bn (up JPY3.1 bn YoY)**

● **Ordinary Profit: JPY22.9 bn (up JPY1.8 bn YoY)**

- Non-operating profit or loss decreased by JPY1.3 bn due to Allowance for doubtful accounts carried over

● **Income before Taxes: JPY22.5 bn (up JPY2.1 bn YoY)**

● **Net Income: JPY15.8 bn (up JPY2.4 bn YoY)**

## ■ Consolidated

● Operating profit: JPY27.6 bn (up JPY3.3 bn YoY)

● Ordinary profit: JPY25.7 bn (up JPY2.0 bn YoY)

● Income before taxes: JPY25.3 bn (up JPY 2.3 bn YoY)

● Net income: JPY17.8 bn (up JPY2.6 bn YoY)

|                              | Non-Consolidated |       |        |       |         |        | Consolidated |       |        |       |         |        |
|------------------------------|------------------|-------|--------|-------|---------|--------|--------------|-------|--------|-------|---------|--------|
|                              | FY3/17           |       | FY3/18 |       | Changes |        | FY3/17       |       | FY3/18 |       | Changes |        |
| Domestic Civil               | 143.0            |       | 172.0  |       | 28.9    | 20.2%  | 154.5        |       | 182.5  |       | 28.0    | 18.1%  |
| Domestic Building            | 145.9            |       | 136.4  |       | -9.5    | -6.5%  | 149.8        |       | 140.0  |       | -9.7    | -6.5%  |
| Overseas                     | 178.4            |       | 190.1  |       | 11.7    | 6.5%   | 182.9        |       | 195.0  |       | 12.2    | 6.6%   |
| Construction Total           | 467.4            |       | 498.4  |       | 31.1    | 6.6%   | 487.1        |       | 517.5  |       | 30.4    | 6.2%   |
| Real Estates                 | 4.1              |       | 0.7    |       | -3.4    | -82.3% | 4.0          |       | 0.6    |       | -3.4    | -85.4% |
| Others                       |                  |       |        |       |         |        | 9.2          |       | 8.8    |       | -0.4    | -4.8%  |
| Net Sales                    | 471.5            |       | 499.2  |       | 27.7    | 5.9%   | 500.3        |       | 526.9  |       | 26.6    | 5.3%   |
| Domestic Civil               | 17.0             | 11.9% | 21.5   | 12.5% | 4.5     | 0.6p   | 18.4         | 11.9% | 22.8   | 12.5% | 4.4     | 0.6p   |
| Domestic Building            | 16.3             | 11.1% | 13.4   | 9.8%  | -2.9    | -1.3p  | 16.8         | 11.2% | 13.9   | 9.9%  | -2.8    | -1.2p  |
| Overseas                     | 2.9              | 1.6%  | 5.8    | 3.0%  | 2.8     | 1.4p   | 3.1          | 1.7%  | 6.0    | 3.1%  | 2.9     | 1.4p   |
| Gross Profit on Construction | 36.2             | 7.7%  | 40.7   | 8.2%  | 4.5     | 0.4p   | 38.2         | 7.8%  | 42.7   | 8.2%  | 4.5     | 0.4p   |
| Real Estates                 | 0.7              | 16.9% | 0.0    | 5.2%  | -0.7    | -11.7p | 0.7          | 17.5% | 0.0    | 6.8%  | -0.7    | -10.7p |
| Others                       |                  |       |        |       |         |        | 2.0          | 21.3% | 2.2    | 25.4% | 0.3     | 4.1p   |
| Total Gross Profit           | 36.9             | 7.8%  | 40.7   | 8.2%  | 3.8     | 0.3p   | 40.9         | 8.2%  | 44.9   | 8.5%  | 4.1     | 0.4p   |
| SG & A                       | 15.3             | 3.2%  | 15.9   | 3.2%  | 0.7     | -0.0p  | 16.6         | 3.3%  | 17.3   | 3.3%  | 0.7     | -0.0p  |
| Domestic Civil               | 8.8              | 6.1%  | 13.0   | 7.5%  | 4.2     | 1.4p   |              |       |        |       |         |        |
| Domestic Building            | 10.9             | 7.4%  | 7.8    | 5.7%  | -3.1    | -1.7p  |              |       |        |       |         |        |
| Overseas                     | 1.5              | 0.8%  | 4.0    | 2.1%  | 2.6     | 1.3p   |              |       |        |       |         |        |
| Real estates and others      | 0.5              | 12.9% | -0.0   | -1.3% | -0.5    | -14.2p |              |       |        |       |         |        |
| Operating Profit             | 21.7             | 4.6%  | 24.8   | 5.0%  | 3.1     | 0.4p   | 24.3         | 4.9%  | 27.6   | 5.2%  | 3.3     | 0.4p   |
| Non-Operating Profit or Loss | -0.5             |       | -1.9   |       | -1.3    |        | -0.6         |       | -1.9   |       | -1.4    |        |
| Ordinary Profit              | 21.1             | 4.5%  | 22.9   | 4.6%  | 1.8     | 0.1p   | 23.7         | 4.7%  | 25.7   | 4.9%  | 2.0     | 0.1p   |
| Extraordinary Profit or Loss | -0.7             |       | -0.4   |       | 0.3     |        | -0.7         |       | -0.4   |       | 0.3     |        |
| Income before Taxes          | 20.4             | 4.3%  | 22.5   | 4.5%  | 2.1     | 0.2p   | 23.0         | 4.6%  | 25.3   | 4.8%  | 2.3     | 0.2p   |
| Net Income                   | 13.4             | 2.8%  | 15.8   | 3.2%  | 2.4     | 0.3p   | 15.3         | 3.1%  | 17.8   | 3.4%  | 2.6     | 0.3p   |
|                              | FY3/17           |       | FY3/18 |       | Changes |        | FY3/17       |       | FY3/18 |       | Changes |        |
| Total Assets                 | 355.3            |       | 406.5  |       | 51.2    |        | 372.3        |       | 418.8  |       | 46.5    |        |
| Net Assets                   | 87.2             | 24.5% | 100.3  | 24.7% | 13.2    | 0.2p   | 96.4         | 25.9% | 112.0  | 26.7% | 15.6    | 0.8p   |
| Interest-bearing Debt        | 58.0             | 16.3% | 65.8   | 16.2% | 7.8     | -0.1p  | 59.7         | 16.0% | 67.5   | 16.1% | 7.8     | 0.1p   |
| Cash and deposits            | 64.4             |       | 60.2   |       | -4.3    |        | 72.5         |       | 65.7   |       | -6.8    |        |
| Net debt                     | -6.4             | -1.8% | 5.7    | 1.4%  | 12.1    | 3.2p   | -12.7        | -3.4% | 1.8    | 0.4%  | 14.5    | 3.8p   |
| Net D/E ratio(Point)         | -0.1             |       | 0.1    |       |         |        | -0.1         |       | 0.0    |       |         |        |
| Return on equity (ROE)       | 16.6%            |       | 16.8%  |       | 0.2p    |        | 17.3%        |       | 17.1%  |       | -0.1p   |        |

# Business Forecasts for FY3/19 (Entire term · 2Q term)



(JPY bn)

|                              | Entire term      |       |        |       |         |       |              |       |        |       |         |       |
|------------------------------|------------------|-------|--------|-------|---------|-------|--------------|-------|--------|-------|---------|-------|
|                              | Non-Consolidated |       |        |       |         |       | Consolidated |       |        |       |         |       |
|                              | FY3/18           |       | FY3/19 |       | Changes |       | FY3/18       |       | FY3/19 |       | Changes |       |
| Domestic Civil               | 172.0            |       | 185.0  |       | 13.0    |       | 182.5        |       | 195.0  |       | 12.5    |       |
| Domestic Building            | 136.4            |       | 190.0  |       | 53.6    |       | 140.0        |       | 195.0  |       | 55.0    |       |
| Overseas                     | 190.1            |       | 165.0  |       | -25.1   |       | 195.0        |       | 170.0  |       | -25.0   |       |
| Construction Total           | 498.4            |       | 540.0  |       | 41.6    |       | 517.5        |       | 560.0  |       | 42.5    |       |
| Real estates and others      | 0.7              |       | 1.0    |       | 0.3     |       | 9.4          |       | 10.0   |       | 0.6     |       |
| Net Sales                    | 499.2            |       | 541.0  |       | 41.8    |       | 526.9        |       | 570.0  |       | 43.1    |       |
| Domestic Civil               | 21.5             | 12.5% | 21.0   | 11.4% | -0.5    | -1.2p | 22.8         | 12.5% | 22.3   | 11.4% | -0.5    | -1.0p |
| Domestic Building            | 13.4             | 9.8%  | 16.0   | 8.4%  | 2.6     | -1.4p | 13.9         | 9.9%  | 16.5   | 8.5%  | 2.6     | -1.5p |
| Overseas                     | 5.8              | 3.0%  | 5.9    | 3.6%  | 0.1     | 0.5p  | 6.0          | 3.1%  | 6.0    | 3.5%  | 0.0     | 0.5p  |
| Gross Profit on Construction | 40.7             | 8.2%  | 42.9   | 7.9%  | 2.2     | -0.2p | 42.7         | 8.2%  | 44.8   | 8.0%  | 2.1     | -0.2p |
| Real estates and others      | 0.0              | 5.2%  | 0.1    | 10.0% | 0.1     | 4.8p  | 2.3          | 24.2% | 2.2    | 22.0% | -0.1    | -2.2p |
| Total Gross Profit           | 40.7             | 8.2%  | 43.0   | 7.9%  | 2.3     | -0.2p | 44.9         | 8.5%  | 47.0   | 8.2%  | 2.1     | -0.3p |
| SG & A                       | 15.9             | 3.2%  | 17.0   | 3.1%  | 1.1     | -0.1p | 17.3         | 3.3%  | 18.5   | 3.2%  | 1.2     | -0.0p |
| Operating Profit             | 24.8             | 5.0%  | 26.0   | 4.8%  | 1.2     | -0.2p | 27.6         | 5.2%  | 28.5   | 5.0%  | 0.9     | -0.2p |
| Non-Operating Profit or Loss | -1.9             |       | -1.0   |       | 0.9     |       | -1.9         |       | -1.0   |       | 0.9     |       |
| Ordinary Profit              | 22.9             | 4.6%  | 25.0   | 4.6%  | 2.1     | 0.0p  | 25.7         | 4.9%  | 27.5   | 4.8%  | 1.8     | -0.0p |
| Extraordinary Profit or Loss | -0.4             |       | -1.0   |       | -0.6    |       | -0.4         |       | -1.0   |       | -0.6    |       |
| Income before Taxes          | 22.5             | 4.5%  | 24.0   | 4.4%  | 1.5     | -0.1p | 25.3         | 4.8%  | 26.5   | 4.6%  | 1.2     | -0.2p |
| Net Income                   | 15.8             | 3.2%  | 16.0   | 3.0%  | 0.2     | -0.2p | 17.8         | 3.4%  | 18.0   | 3.2%  | 0.2     | -0.2p |

|                         |      |  |      |  |     |  |      |  |      |  |     |  |
|-------------------------|------|--|------|--|-----|--|------|--|------|--|-----|--|
| Earning per share (JPY) | 55.3 |  | 56.1 |  | 0.8 |  | 62.4 |  | 63.1 |  | 0.6 |  |
|-------------------------|------|--|------|--|-----|--|------|--|------|--|-----|--|

|                       | FY3/18 |       | FY3/19 |       | Changes |       | FY3/18 |       | FY3/19 |       | Changes |       |
|-----------------------|--------|-------|--------|-------|---------|-------|--------|-------|--------|-------|---------|-------|
| Total Assets          | 406.5  |       | 390.0  |       | -16.5   |       | 418.8  |       | 405.0  |       | -13.8   |       |
| Net Assets            | 100.3  | 24.7% | 112.3  | 28.8% | 12.0    | 4.1p  | 112.0  | 26.7% | 126.0  | 31.1% | 14.0    | 4.4p  |
| Interest-bearing Debt | 65.8   | 16.2% | 58.0   | 14.9% | -7.8    | -1.3p | 67.5   | 16.1% | 60.0   | 14.8% | -7.5    | -1.3p |
| Cash and deposits     | 60.2   |       | 27.0   |       | -33.2   |       | 65.7   |       | 32.5   |       | -33.2   |       |
| Net debt              | 5.7    | 1.4%  | 31.0   | 7.9%  | 25.3    | 6.6p  | 1.8    | 0.4%  | 27.5   | 6.8%  | 25.7    | 6.4p  |

|                              | 2Q               |        |        |       |         |       |              |       |        |       |         |       |
|------------------------------|------------------|--------|--------|-------|---------|-------|--------------|-------|--------|-------|---------|-------|
|                              | Non-Consolidated |        |        |       |         |       | Consolidated |       |        |       |         |       |
|                              | FY3/18           |        | FY3/19 |       | Changes |       | FY3/18       |       | FY3/19 |       | Changes |       |
| Domestic Civil               | 80.2             |        | 87.0   |       | 6.8     |       |              |       |        |       |         |       |
| Domestic Building            | 65.1             |        | 85.0   |       | 19.9    |       |              |       |        |       |         |       |
| Overseas                     | 91.3             |        | 70.0   |       | -21.3   |       |              |       |        |       |         |       |
| Construction Total           | 236.5            |        | 242.0  |       | 5.5     |       | 246.6        |       | 251.0  |       | 4.4     |       |
| Real estates and others      | 0.3              |        | 0.2    |       | -0.1    |       | 4.2          |       | 4.7    |       | 0.5     |       |
| Net Sales                    | 236.9            |        | 242.2  |       | 5.3     |       | 250.8        |       | 255.7  |       | 4.9     |       |
| Domestic Civil               | 9.9              | 12.4%  | 10.6   | 12.2% | 0.7     | -0.2p |              |       |        |       |         |       |
| Domestic Building            | 7.7              | 11.8%  | 7.9    | 9.3%  | 0.2     | -2.5p |              |       |        |       |         |       |
| Overseas                     | 2.6              | 2.9%   | 2.2    | 3.1%  | -0.4    | 0.3p  |              |       |        |       |         |       |
| Gross Profit on Construction | 20.2             | 8.5%   | 20.7   | 8.6%  | 0.5     | 0.0p  | 21.3         | 8.6%  | 21.7   | 8.6%  | 0.4     | 0.0p  |
| Real estates and others      | -0.1             | -41.1% | 0.0    | 0.0%  | 0.1     | 41.1p | 0.5          | 12.7% | 1.1    | 23.4% | 0.6     | 10.7p |
| Total Gross Profit           | 20.1             | 8.5%   | 20.7   | 8.5%  | 0.6     | 0.1p  | 21.8         | 8.7%  | 22.8   | 8.9%  | 1.0     | 0.2p  |
| SG & A                       | 7.7              | 3.3%   | 8.2    | 3.4%  | 0.5     | 0.1p  | 8.4          | 3.4%  | 9.0    | 3.5%  | 0.6     | 0.2p  |
| Operating Profit             | 12.4             | 5.2%   | 12.5   | 5.2%  | 0.1     | -0.1p | 13.4         | 5.4%  | 13.8   | 5.4%  | 0.4     | 0.0p  |
| Non-Operating Profit or Loss | 0.3              |        | -0.5   |       | -0.8    |       | 0.3          |       | -0.5   |       | -0.8    |       |
| Ordinary Profit              | 12.6             | 5.3%   | 12.0   | 5.0%  | -0.6    | -0.4p | 13.7         | 5.5%  | 13.3   | 5.2%  | -0.4    | -0.3p |
| Extraordinary Profit or Loss | 0.0              |        | -0.2   |       | -0.2    |       | 0.1          |       | -0.2   |       | -0.3    |       |
| Income before Taxes          | 12.7             | 5.3%   | 11.8   | 4.9%  | -0.9    | -0.5p | 13.8         | 5.5%  | 13.1   | 5.1%  | -0.7    | -0.4p |
| Net Income                   | 9.2              | 3.9%   | 8.0    | 3.3%  | -1.2    | -0.6p | 9.9          | 3.9%  | 9.0    | 3.5%  | -0.9    | -0.4p |

## Business forecasts for FY3/19 on a consolidated basis

- Net sales of construction: Increased by accomplishing a huge number of projects at hand (up 8% YoY)
- Gross profit on construction: Maintained the profit margin despite the increase in labor cost. Increased due to increased profits (up 5% YoY)
- Net income: Achieved record-high profit for the 5<sup>th</sup> consecutive fiscal year (up 1% YoY)

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



## Management targets

### ● Numeric Targets for Consolidated Performance of FY3/20

Net sales: JPY580 bn → **JPY590 bn**  
 Net income: JPY17 bn → **JPY19 bn**  
 Equity ratio: 30% or higher → 30% or higher  
 Dividends payout ratio: 20 to 25% → **25 to 30%**

(JPY bn)

| Mid-term Management Plan (FY3/18 - FY3/20)<br>Targets for FY3/20 |                  |                    |                  |              |
|--|------------------|--------------------|------------------|--------------|
| Original (May 2017)  |                  | Revised (May 2018) |                  |              |
|  | Non-Consolidated | Consolidated       | Non-Consolidated | Consolidated |

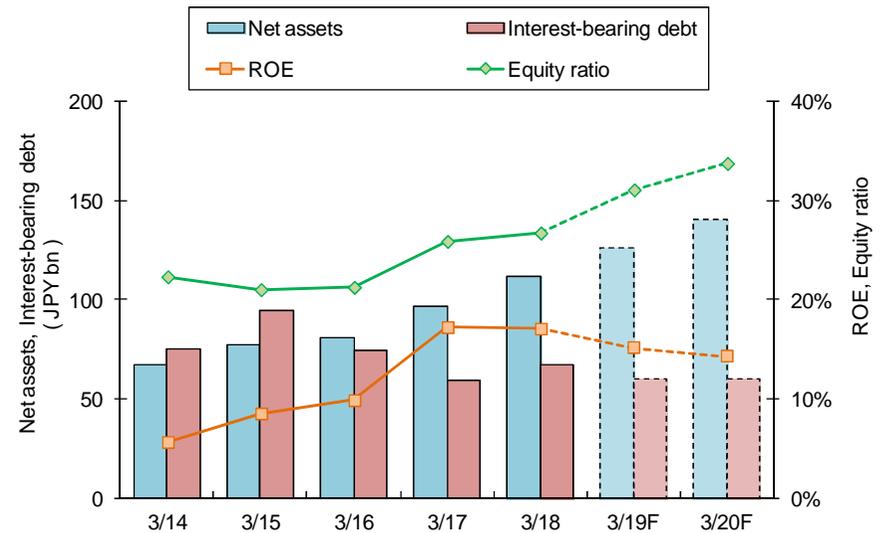
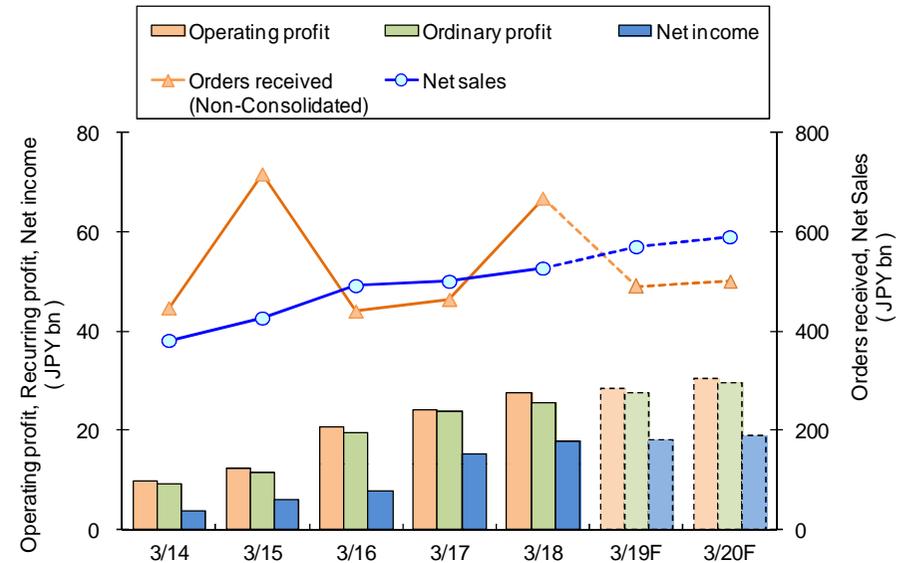
### Financial Targets

|                         | Original (May 2017) | Revised (May 2018) | Original (May 2017) | Revised (May 2018) |
|-------------------------|---------------------|--------------------|---------------------|--------------------|
| Orders Received         | 500.0               | 500.0              | 500.0               | 500.0              |
| Net Sales               | 551.0               | 580.0              | <b>561.0</b>        | <b>590.0</b>       |
| Operating Profit        | 25.0                | 27.5               | <b>28.0</b>         | <b>30.5</b>        |
| Ordinary profit         | 24.5                | 27.0               | <b>27.0</b>         | <b>29.5</b>        |
| Net income              | 15.0                | 17.0               | <b>17.0</b>         | <b>19.0</b>        |
| Earning per share (Yen) | 52.5                | 59.5               | <b>59.6</b>         | <b>66.6</b>        |

### Consolidated targets of financial status

|                         | Original (May 2017) | Revised (May 2018) |
|-------------------------|---------------------|--------------------|
| Net Assets/Total Assets | 30% or higher       | 30% or higher      |
| Interest-bearing Debt   | 60.0 or less        | 60.0 or less       |
| Net D/E ratio (times)   | about 0.2           | about <b>0.1</b>   |
| ROE                     | 8% or higher        | 8% or higher       |

## Changes in principle figures on a consolidated basis



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



(JPY bn)

|                                    | Non-Consolidated                    |       |         |       |         |       |                                     |       |         |       |         |       |
|------------------------------------|-------------------------------------|-------|---------|-------|---------|-------|-------------------------------------|-------|---------|-------|---------|-------|
|                                    | Mid-term Management Plan (May 2017) |       |         |       |         |       | Mid-term Management Plan (May 2018) |       |         |       |         |       |
|                                    | FY3/18F                             |       | FY3/19F |       | FY3/20F |       | FY3/18                              |       | FY3/19F |       | FY3/20F |       |
| Domestic civil engineering         | 160.0                               |       | 170.0   |       | 170.0   |       | 166.8                               |       | 170.0   |       | 170.0   |       |
| Domestic building construction     | 200.0                               |       | 170.0   |       | 180.0   |       | 200.5                               |       | 170.0   |       | 180.0   |       |
| Overseas                           | 150.0                               |       | 150.0   |       | 150.0   |       | 300.6                               |       | 150.0   |       | 150.0   |       |
| Construction total orders received | 510.0                               |       | 490.0   |       | 500.0   |       | 667.9                               |       | 490.0   |       | 500.0   |       |
| Domestic civil engineering         | 175.0                               |       | 180.0   |       | 190.0   |       | 172.0                               |       | 185.0   |       | 190.0   |       |
| Domestic building construction     | 150.0                               |       | 190.0   |       | 200.0   |       | 136.4                               |       | 190.0   |       | 200.0   |       |
| Overseas                           | 190.0                               |       | 160.0   |       | 160.0   |       | 190.1                               |       | 165.0   |       | 170.0   |       |
| Construction total                 | 515.0                               |       | 530.0   |       | 550.0   |       | 498.4                               |       | 540.0   |       | 560.0   |       |
| Real estates and others            | 1.0                                 |       | 1.0     |       | 1.0     |       | 0.7                                 |       | 1.0     |       | 1.0     |       |
| Net sales                          | 516.0                               |       | 531.0   |       | 551.0   |       | 499.2                               |       | 541.0   |       | 561.0   |       |
| Domestic civil engineering         | 19.0                                | 10.9% | 20.0    | 11.1% | 21.0    | 11.1% | 21.5                                | 12.5% | 21.0    | 11.4% | 22.0    | 11.6% |
| Domestic building construction     | 13.9                                | 9.3%  | 16.3    | 8.6%  | 17.0    | 8.5%  | 13.4                                | 9.8%  | 16.0    | 8.4%  | 17.0    | 8.5%  |
| Overseas                           | 5.5                                 | 2.9%  | 4.8     | 3.0%  | 4.9     | 3.1%  | 5.8                                 | 3.0%  | 5.9     | 3.6%  | 6.7     | 3.9%  |
| Gross profit on construction       | 38.4                                | 7.5%  | 41.1    | 7.8%  | 42.9    | 7.8%  | 40.7                                | 8.2%  | 42.9    | 7.9%  | 45.7    | 8.2%  |
| Real estates and others            | 0.1                                 | 10.0% | 0.1     | 10.0% | 0.1     | 10.0% | 0.0                                 | 5.2%  | 0.1     | 10.0% | 0.1     | 10.0% |
| Total gross profit                 | 38.5                                | 7.5%  | 41.2    | 7.8%  | 43.0    | 7.8%  | 40.7                                | 8.2%  | 43.0    | 7.9%  | 45.8    | 8.2%  |
| SG & A                             | 16.5                                | 3.2%  | 17.2    | 3.2%  | 18.0    | 3.3%  | 15.9                                | 3.2%  | 17.0    | 3.1%  | 17.8    | 3.2%  |
| Domestic civil engineering         | 10.1                                | 5.8%  | 10.6    | 5.9%  | 11.2    | 5.9%  | 13.0                                | 7.5%  | 12.0    | 6.5%  | 12.6    | 6.6%  |
| Domestic building construction     | 8.1                                 | 5.4%  | 10.3    | 5.4%  | 10.7    | 5.4%  | 7.8                                 | 5.7%  | 10.0    | 5.3%  | 10.7    | 5.4%  |
| Overseas                           | 3.8                                 | 2.0%  | 3.1     | 1.9%  | 3.1     | 1.9%  | 4.0                                 | 2.1%  | 4.0     | 2.4%  | 4.7     | 2.8%  |
| Real estates and others            | 0.0                                 | 0.0%  | 0.0     | 0.0%  | 0.0     | 0.0%  | -0.0                                | -1.3% | 0.0     | 0.0%  | 0.0     | 0.0%  |
| Operating profit                   | 22.0                                | 4.3%  | 24.0    | 4.5%  | 25.0    | 4.5%  | 24.8                                | 5.0%  | 26.0    | 4.8%  | 28.0    | 5.0%  |
| Non-Operating Profit or Loss       | -0.5                                |       | -0.5    |       | -0.5    |       | -1.9                                |       | -1.0    |       | -1.0    |       |
| Ordinary profit                    | 21.5                                | 4.2%  | 23.5    | 4.4%  | 24.5    | 4.4%  | 22.9                                | 4.6%  | 25.0    | 4.6%  | 27.0    | 4.8%  |
| Extraordinary Profit or Loss       | -1.0                                |       | -1.0    |       | -1.0    |       | -0.4                                |       | -1.0    |       | -1.0    |       |
| Income before taxes                | 20.5                                | 4.0%  | 22.5    | 4.2%  | 23.5    | 4.3%  | 22.5                                | 4.5%  | 24.0    | 4.4%  | 26.0    | 4.6%  |
| Net income                         | 13.5                                | 2.6%  | 14.5    | 2.7%  | 15.0    | 2.7%  | 15.8                                | 3.2%  | 16.0    | 3.0%  | 17.0    | 3.0%  |
| Earning per share (yen)            | 47.2                                |       | 50.7    |       | 52.5    |       | 55.3                                |       | 56.1    |       | 59.6    |       |
| Total assets                       | 370.0                               |       |         |       |         |       | 406.5                               |       | 390.0   |       |         |       |
| Net assets                         | 97.2                                | 26.3% |         |       |         |       | 100.3                               | 24.7% | 112.3   | 28.8% |         |       |
| Interest-bearing debt              | 58.0                                | 15.7% | 58.0    |       | 58.0    |       | 65.8                                | 16.2% | 58.0    | 14.9% | 58.0    |       |
| Cash and deposits                  | 46.0                                |       | 27.0    |       | 29.0    |       | 60.2                                |       | 27.0    |       | 37.0    |       |
| Net Interest-bearing debt          | 12.0                                | 3.2%  | 31.0    |       | 29.0    |       | 5.7                                 | 1.4%  | 31.0    | 7.9%  | 21.0    |       |
| Net D/E ratio (Point)              | 0.1                                 |       |         |       |         |       | 0.1                                 |       | 0.3     |       |         |       |
| Return on equity (ROE)             | 14.6%                               |       |         |       |         |       | 16.8%                               |       | 15.0%   |       |         |       |

|  | Consolidated                        |       |         |       |               |       |                                     |       |         |       |               |       |
|--|-------------------------------------|-------|---------|-------|---------------|-------|-------------------------------------|-------|---------|-------|---------------|-------|
|  | Mid-term Management Plan (May 2017) |       |         |       |               |       | Mid-term Management Plan (May 2018) |       |         |       |               |       |
|  | FY3/18F                             |       | FY3/19F |       | FY3/20F       |       | FY3/18                              |       | FY3/19F |       | FY3/20F       |       |
|  |                                     |       |         |       |               |       |                                     |       |         |       |               |       |
|  | 185.0                               |       | 190.0   |       | 200.0         |       | 182.5                               |       | 195.0   |       | 200.0         |       |
|  | 155.0                               |       | 195.0   |       | 205.0         |       | 140.0                               |       | 195.0   |       | 205.0         |       |
|  | 195.0                               |       | 165.0   |       | 165.0         |       | 195.0                               |       | 170.0   |       | 175.0         |       |
|  | 535.0                               |       | 550.0   |       | 570.0         |       | 517.5                               |       | 560.0   |       | 580.0         |       |
|  | 10.0                                |       | 10.0    |       | 10.0          |       | 9.4                                 |       | 10.0    |       | 10.0          |       |
|  | 545.0                               |       | 560.0   |       | 580.0         |       | 526.9                               |       | 570.0   |       | 590.0         |       |
|  | 20.3                                | 11.0% | 21.3    | 11.2% | 22.3          | 11.2% | 22.8                                | 12.5% | 22.3    | 11.4% | 23.3          | 11.7% |
|  | 14.4                                | 9.3%  | 16.8    | 8.6%  | 17.5          | 8.5%  | 13.9                                | 9.9%  | 16.5    | 8.5%  | 17.5          | 8.5%  |
|  | 5.6                                 | 2.9%  | 4.9     | 3.0%  | 5.0           | 3.0%  | 6.0                                 | 3.1%  | 6.0     | 3.5%  | 6.8           | 3.9%  |
|  | 40.3                                | 7.5%  | 43.0    | 7.8%  | 44.8          | 7.9%  | 42.7                                | 8.2%  | 44.8    | 8.0%  | 47.6          | 8.2%  |
|  | 2.2                                 | 22.0% | 2.2     | 22.0% | 2.2           | 22.0% | 2.3                                 | 24.2% | 2.2     | 22.0% | 2.2           | 22.0% |
|  | 42.5                                | 7.8%  | 45.2    | 8.1%  | 47.0          | 8.1%  | 44.9                                | 8.5%  | 47.0    | 8.2%  | 49.8          | 8.4%  |
|  | 18.0                                | 3.3%  | 18.7    | 3.3%  | 19.5          | 3.4%  | 17.3                                | 3.3%  | 18.5    | 3.2%  | 19.3          | 3.3%  |
|  |                                     |       |         |       |               |       |                                     |       |         |       |               |       |
|  | 24.5                                | 4.5%  | 26.5    | 4.7%  | 27.5          | 4.7%  | 27.6                                | 5.2%  | 28.5    | 5.0%  | 30.5          | 5.2%  |
|  | -0.5                                |       | -0.5    |       | -0.5          |       | -1.9                                |       | -1.0    |       | -1.0          |       |
|  | 24.0                                | 4.4%  | 26.0    | 4.6%  | 27.0          | 4.7%  | 25.7                                | 4.9%  | 27.5    | 4.8%  | 29.5          | 5.0%  |
|  | -1.0                                |       | -1.0    |       | -1.0          |       | -0.4                                |       | -1.0    |       | -1.0          |       |
|  | 23.0                                | 4.2%  | 25.0    | 4.5%  | 26.0          | 4.5%  | 25.3                                | 4.8%  | 26.5    | 4.6%  | 28.5          | 4.8%  |
|  | 15.5                                | 2.8%  | 16.5    | 2.9%  | 17.0          | 2.9%  | 17.8                                | 3.4%  | 18.0    | 3.2%  | 19.0          | 3.2%  |
|  | 54.2                                |       | 57.7    |       | 59.5          |       | 62.4                                |       | 63.1    |       | 66.6          |       |
|  |                                     |       |         |       |               |       |                                     |       |         |       |               |       |
|  | 390.0                               |       |         |       |               |       | 418.8                               |       | 405.0   |       |               |       |
|  | 108.5                               | 27.8% |         |       | 30% or higher |       | 112.0                               | 26.7% | 126.0   | 31.1% | 30% or higher |       |
|  | 60.0                                | 15.4% | 60      |       | 60.0 or less  |       | 67.5                                | 16.1% | 60.0    | 14.8% | 60.0 or less  |       |
|  | 51.0                                |       | 32      |       | 34            |       | 65.7                                |       | 32.5    |       | 44.0          |       |
|  | 9.0                                 | 2.3%  | 28      |       | 26            |       | 1.8                                 | 0.4%  | 27.5    | 6.8%  | 16.0          |       |
|  | 0.1                                 |       |         |       | about 0.2     |       | 0.0                                 |       | 0.2     |       | about 0.1     |       |
|  | 15.1%                               |       |         |       | 8% or higher  |       | 17.1%                               |       | 15.1%   |       | 8% or higher  |       |

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



## Domestic Civil Engineering



## Domestic Building Construction



## Overseas



## Total



# Financial Planning and Capital Policies

## Efficient fund procurement

- Improving cash flow management on construction projects in and out of Japan
- Diversifying fund procurement measures

## Foreign exchange risk management

- Boosting the number of overseas projects at hand, and expansion
- Alleviating foreign exchange risks, by hedging the risks in an appropriate and timely manner

## Payment condition improvement for subcontractors

- Has stipulated cash payment to the subcontractors, instead of bill payment since FY3/18
- Will affect the cash flow from operations until FY3/19, which costs JPY52 bn in 2 years
- Strengthening the partnerships with the subcontractors, by improving the payment condition

## Capital policies

- Improving the Equity ratio
  - Increasing the periodic profits steadily
  - Target of Equity Ratio for FY3/20: 30% or higher
  - Expected to accomplish the Equity Ratio of 30% in FY3/19
- Dividends payout ratio
  - Aiming at capital adequacy and capital investment, and profit return in an appropriate and secure manner
  - Target payout ratio on a consolidated basis: 20 to 25% → **25 to 30% from FY3/19**
    - Term end dividend of FY3/18: JPY14 (up JPY2 compared to the forecast at the beginning of the quarter)
    - Term end dividends for FY3/19: JPY18 (Dividend payout ratio forecast: 28.6%)

## Balance of interest-bearing debt

(JPY bn)

|                                 | Mid-term Management Plan Original (May 2017) |       |       | Mid-term Management Plan Revised (May 2018) |       |       |
|---------------------------------|--|-------|-------|---|-------|-------|
|                                 | 3/18F  | 3/19F | 3/20F | 3/18  | 3/19F | 3/20F |
| <b>Consolidated</b>             |  |       |       |   |       |       |
| Cash flow from operations       | -9.0   | -6.0  | 14.0  | 3.4   | -11.0 | 25.0  |
| Cash flow from investment       | -9.0   | -9.0  | -8.0  | -13.1                                       | -11.0 | -8.0  |
| Cash flow from financing        | -3.5   | -4.0  | -4.0  | 4.1   | -11.5 | -5.5  |
| Balance of cash and deposit     | 51.0   | 32.0  | 34.0  | 65.7  | 32.5  | 44.0  |
| Balance of debt with interest   | 60.0   | 60.0  | 60.0  | 67.5  | 60.0  | 60.0  |
| (Change from the previous year) | 0.3  | 0.0   | 0.0   | 7.8   | -7.5  | 0.0   |
| <b>Non-Consolidated</b>         |  |       |       |   |       |       |
| Balance of cash and deposit     | 46.0   | 27.0  | 29.0  | 60.2  | 27.0  | 37.0  |
| Balance of debt with interest   | 58.0   | 58.0  | 58.0  | 65.8  | 58.0  | 58.0  |
| (Change from the previous year) | 0.0  | 0.0   | 0.0   | 7.8   | -7.8  | 0.0   |

## Dividend per share, Dividends payout ratio, and Equity ratio on a consolidated basis

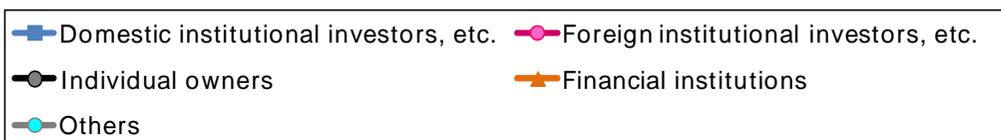
|                           | 3/14 | 3/15 | 3/16 | 3/17 | 3/18 | 3/19F |
|---------------------------|------|------|------|------|------|-------|
| Dividend per share (Yen)  | 2.0  | 4.0  | 6.0  | 12.0 | 14.0 | 18.0  |
| Dividend payout ratio (%) | 15.2 | 18.5 | 22.0 | 22.5 | 22.5 | 28.6  |
| Equity ratio (%)          | 22.3 | 21.0 | 21.3 | 25.9 | 26.7 | 31.1  |

# Shareholder Composition

- Issued common stock: 286,013,910, including 111,244 of the treasury stocks
- Number of shareholders: 31,190 (down 8,051 over the previous quarter)
- Shareholder composition: Domestic Institutional investors, etc 34.2% (up 2.6p), Foreign institutional investors, etc 33.4% (up 5.6p), Individual owners 18.6% (down 7.0p), Financial institutions 11.8% (down 1.2p), Other domestic corporations 2.0% (unchanged) → Institutional investors in and out of Japan 67.6% (up 8.2p, achieved record-high ratio)

## Top 10 shareholders

As of 31 Mar. 2018



| Name of shareholders  | Shares held (in thousands) | Voting right ratio(%) |
|---|----------------------------|-----------------------|
| Japan Trustee Service Bank, Ltd. (Trust account)                          | 36,108                     | 12.6                  |
| The Master Trust Bank of Japan, Ltd. (Trust account)                      | 19,242                     | 6.7                   |
| Mizuho Bank, Ltd.   | 7,059                      | 2.5                   |
| Meiji Yasuda Life Insurance Company                                       | 6,656                      | 2.3                   |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | 5,431                      | 1.9                   |
| STATE STREET BANK AND TRUST COMPANY 505103                                | 5,257                      | 1.8                   |
| Japan Trustee Service Bank, Ltd. (Trust account 5)                        | 5,090                      | 1.8                   |
| JUNIPER   | 4,547                      | 1.6                   |
| Sompo Japan Nipponkoa Insurance Inc.                                      | 4,280                      | 1.5                   |
| CBNY - GOVERNMENT OF NORWAY   | 4,127                      | 1.4                   |
| <b>Total held by top 10 shareholders</b>                                  | <b>97,800</b>              | <b>34.2</b>           |