

Financial Results for 2Q of FY3/20 & Forecasts for FY3/20

Nov. 2019



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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 for 2Q of FY3/20 (Non-Consolidated)



(JPY bn)

		FY3/19 2Q	FY3/20 2Q	Change fm FY3/19 2Q	YoY	FY3/19	FY3/20 (Forecast)	Achievement ratio
Domestic Civil Engineering	Public Sector	65.9	55.1	-10.9	-16.5%	134.0	140.0	39.4%
	Private Sector	15.4	19.6	4.2	26.9%	28.4	40.0	49.0%
	Total	81.4	74.7	-6.7	-8.2%	162.4	180.0	41.5%
Domestic Building Construction	Public Sector	10.0	5.8	-4.2	-41.6%	14.8	10.0	58.3%
	Private Sector	75.3	65.5	-9.8	-13.0%	159.1	160.0	41.0%
	Total	85.3	71.4	-14.0	-16.4%	173.9	170.0	42.0%
Overseas	Civil Engineering	68.9	15.8	-53.1	-77.1%	86.3	80.0	19.7%
	Building	46.5	7.6	-38.9	-83.7%	77.9	70.0	10.8%
	Total	115.4	23.3	-92.0	-79.8%	164.1	150.0	15.6%
	Civil Engineering	150.2	90.5	-59.8	-39.8%	248.6	260.0	34.8%
	Building Construction	131.8	78.9	-52.9	-40.1%	251.7	240.0	32.9%
	Construction Total	282.1	169.4	-112.7	-39.9%	500.4	500.0	33.9%
Others	0.1	0.1	0.0	0.3%	1.0	0.5	29.0%	
Total	282.2	169.5	-112.7	-39.9%	501.4	500.5	33.9%	

Proportion of Orders Received Results (Non-Consolidated)

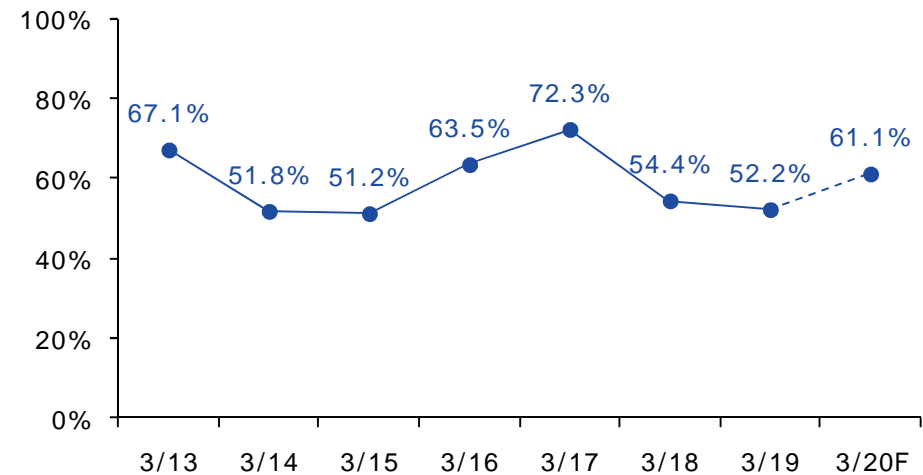


Domestic Civil Engineering

(JPY bn)

		FY3/17	FY3/18	FY3/19	FY3/20		
		Result	Result	Result	FY3/20 (Forecast)	FY3/20 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	113.4	120.5	134.0	140.0	55.1	39.4%
	Private Sector	74.0	46.3	28.4	40.0	19.6	49.0%
	Total	187.4	166.8	162.4	180.0	74.7	41.5%
	Proportion of Private Sector	39.5%	27.8%	17.5%	22.2%	26.2%	-
Proportion of Marine & Land	Marine Civil Engineering	135.4	90.7	84.7	110.0	50.1	45.6%
	Land Civil Engineering	52.0	76.1	77.6	70.0	24.6	35.1%
	Total	187.4	166.8	162.4	180.0	74.7	41.5%
	Proportion of Marine Civil	72.3%	54.4%	52.2%	61.1%	67.1%	-

Marine Civil Portion

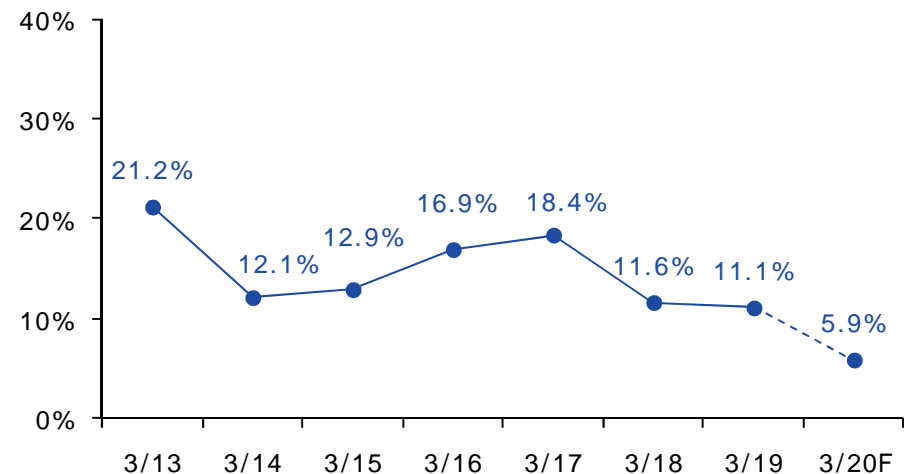


Domestic Building Construction

(JPY bn)

		FY3/17	FY3/18	FY3/19	FY3/20		
		Result	Result	Result	FY3/20 (Forecast)	FY3/20 2Q	Achievement ratio
Proportion of Public & Private	Public Sector	46.0	15.6	14.8	10.0	5.8	58.3%
	Private Sector	130.2	184.9	159.1	160.0	65.5	41.0%
	Total	176.2	200.5	173.9	170.0	71.4	42.0%
	Proportion of Private Sector	73.9%	92.2%	91.5%	94.1%	91.8%	-
Proportion of Residential & Non-Residential	Residential	32.4	23.3	19.3	10.0	20.0	199.8%
	Non-Residential	143.8	177.2	154.6	160.0	51.4	32.1%
	Total	176.2	200.5	173.9	170.0	71.4	42.0%
	Proportion of Residential	18.4%	11.6%	11.1%	5.9%	28.0%	-

Residential Portion



Business Results for 2Q of FY3/20



(JPY bn)

– Net income increased for the seventh consecutive quarter both on consolidated/ non-consolidated bases –

■ Non-Consolidated

● Net Sales: JPY276.9 bn (YoY +JPY44.5 bn)

➤ Domestic Civil Engineering: Increased due to revenue growth of land civil work projects

➤ Domestic Building Construction: Increased due to steady progress of large-scale projects

➤ Overseas: Increased due to steady progress of civil work projects

● Total Gross Profit: JPY23.8 bn (YoY +JPY2.1 bn)

➤ Domestic Civil Engineering: Increased due to revenue growth and improved profit margin

➤ Domestic Building Construction: Increased due to revenue growth

➤ Overseas: Secured certain level of profit despite higher maintenance cost due to scheduled maintenance work for CASSIOPEIA and major repair works for ANDROMEDA

● SG&A: JPY8.4 bn (YoY +JPY0.6 bn)

● Operating Income: JPY15.4 bn (YoY +JPY1.5 bn)

● Ordinary Income: JPY15.6 bn (YoY +JPY1.7 bn)

● Net Income: JPY10.8 bn (YoY +JPY0.9 bn)

■ Consolidated

● Net Sales: JPY295.2 bn (YoY +JPY50.7 bn)

● Total Gross Profit: JPY26.2 bn (YoY +JPY2.6 bn)
Owing to the increased profits of Non-consolidated performances

● Operating Income: JPY17.2 bn (YoY +JPY2.1 bn)

● Ordinary Income: JPY17.4 bn (YoY +JPY2.3 bn)

● Net Income: JPY12.1 bn (YoY +JPY1.2 bn)

	Non-Consolidated						Consolidated					
	FY3/19 2Q		FY3/20 2Q		Changes from FY3/19 2Q		FY3/19 2Q		FY3/20 2Q		Changes from FY3/19 2Q	
Domestic Civil	84.8		93.6		8.8		90.5		102.6		12.1	
Domestic Building	76.2		105.3		29.2		77.5		108.3		30.8	
Overseas	71.2		77.8		6.6		72.1		80.5		8.3	
Construction Total	232.2		276.8		44.5		240.1		291.4		51.3	
Others	0.1		0.1		0.0		4.4		3.8		-0.6	
Net Sales	232.4		276.9		44.5		244.5		295.2		50.7	
Domestic Civil	10.9	12.9%	12.8	13.6%	1.8	0.8p	11.4	12.6%	13.4	13.1%	1.9	0.4p
Domestic Building	6.7	8.8%	7.8	7.4%	1.1	-1.4p	6.9	8.9%	8.4	7.7%	1.5	-1.1p
Overseas	4.3	6.0%	3.2	4.2%	-1.0	-1.9p	4.4	6.1%	3.4	4.2%	-1.0	-1.9p
Gross Profit on Construction	21.9	9.4%	23.8	8.6%	1.9	-0.8p	22.7	9.5%	25.1	8.6%	2.4	-0.8p
Others	-0.2	-160.9%	-0.0	-26.3%	0.2	134.6p	0.9	20.6%	1.1	29.2%	0.2	8.6p
Total Gross Profit	21.7	9.3%	23.8	8.6%	2.1	-0.7p	23.6	9.7%	26.2	8.9%	2.6	-0.8p
SG & A	7.8	3.4%	8.4	3.0%	0.6	-0.3p	8.5	3.5%	9.1	3.1%	0.6	-0.4p
Domestic Civil	6.6	7.8%	8.2	8.8%	1.5	0.9p	6.9	7.7%	8.6	8.4%	1.6	0.7p
Domestic Building	3.9	5.1%	4.8	4.6%	0.9	-0.5p	4.0	5.2%	5.3	4.9%	1.3	-0.3p
Overseas	3.5	5.0%	2.4	3.1%	-1.1	-1.9p	3.6	4.9%	2.5	3.0%	-1.1	-1.9p
Others	-0.3	-177.9%	-0.1	-41.5%	0.2	136.4p	0.6	13.8%	0.8	21.4%	0.2	7.7p
Operating Income	13.8	6.0%	15.4	5.6%	1.5	-0.4p	15.1	6.2%	17.2	5.8%	2.1	-0.4p
Non-Operating Income or Expenses	0.0		0.2		0.2		-0.0		0.2		0.2	
Ordinary Income	13.9	6.0%	15.6	5.6%	1.7	-0.3p	15.1	6.2%	17.4	5.9%	2.3	-0.3p
Extraordinary Income or Expenses	0.0		0.1		0.1		0.0		0.1		0.1	
Income before Taxes	13.9	6.0%	15.7	5.7%	1.8	-0.3p	15.1	6.2%	17.5	5.9%	2.4	-0.3p
Net Income	10.0	4.3%	10.8	3.9%	0.9	-0.4p	10.9	4.4%	12.1	4.1%	1.2	-0.3p
Total Assets	369.6		427.3		57.6		383.8		443.0		59.2	
Net Assets	113.1	30.6%	117.9	27.6%	4.7	-3.0p	126.6	33.0%	132.5	29.9%	5.9	-3.1p
Interest-bearing Debt	57.8	15.6%	104.1	24.4%	46.3	8.7p	59.5	15.5%	105.8	23.9%	46.3	8.4p
Cash and Deposits	31.2		42.0		10.8		36.2		49.0		12.8	
Net Debt	26.6	7.2%	62.1	14.5%	35.5	7.3p	23.3	6.1%	56.7	12.8%	33.4	6.7p

Business Forecasts for FY3/20



(JPY bn)

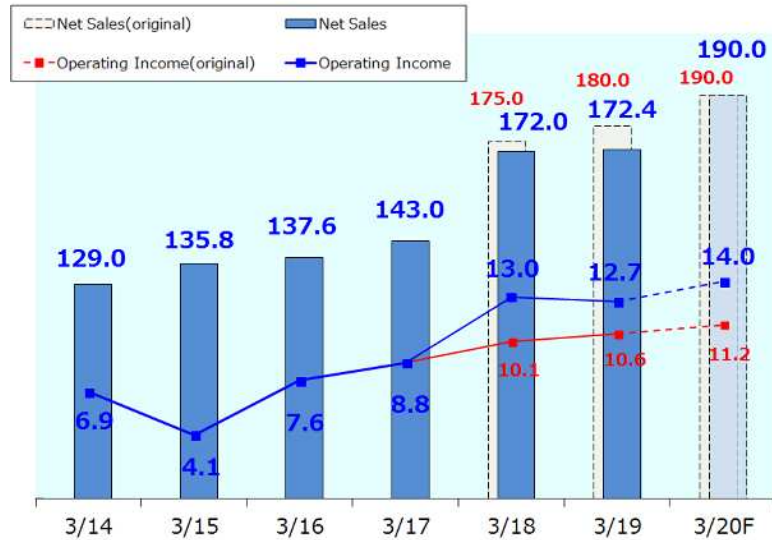
	Non-Consolidated									
	2Q					Entire term				
	FY3/19 2Q		FY3/20 2Q		Change fm FY3/19 2Q	FY3/19		FY3/20 Forecast		
Domestic Civil	84.8		93.6		8.8		172.4		190.0	
Domestic Building	76.2		105.3		29.2		178.2		200.0	
Overseas	71.2		77.8		6.6		160.6		160.0	
Construction Total	232.2		276.8		44.5		511.2		550.0	
Others	0.1		0.1		0.0		1.0		0.5	
Net Sales	232.4		276.9		44.5		512.2		550.5	
Domestic Civil	10.9	12.9%	12.8	13.6%	1.8	0.8p	21.3	12.4%	23.0	12.1%
Domestic Building	6.7	8.8%	7.8	7.4%	1.1	-1.4p	12.9	7.3%	14.5	7.3%
Overseas	4.3	6.0%	3.2	4.2%	-1.0	-1.9p	7.7	4.8%	6.8	4.3%
Gross Profit on Construction	21.9	9.4%	23.8	8.6%	1.9	-0.8p	42.0	8.2%	44.3	8.1%
Others	-0.2	-160.9%	-0.0	-26.3%	0.2	134.6p	0.0	1.3%	0.1	20.0%
Total Gross Profit	21.7	9.3%	23.8	8.6%	2.1	-0.7p	42.0	8.2%	44.4	8.1%
SG & A	7.8	3.4%	8.4	3.0%	0.6	-0.3p	16.2	3.2%	16.9	3.1%
Domestic Civil	6.6	7.8%	8.2	8.8%	1.5	0.9p	12.7	7.4%	14.0	7.4%
Domestic Building	3.9	5.1%	4.8	4.6%	0.9	-0.5p	7.2	4.0%	8.5	4.3%
Overseas	3.5	5.0%	2.4	3.1%	-1.1	-1.9p	6.0	3.7%	5.0	3.1%
Others	-0.3	-177.9%	-0.1	-41.5%	0.2	136.4p	-0.0	-3.0%	0.0	0.0%
Operating Income	13.8	6.0%	15.4	5.6%	1.5	-0.4p	25.9	5.1%	27.5	5.0%
Non-Operating Income or Expenses	0.0		0.2		0.2		-2.4		-1.0	
Ordinary Income	13.9	6.0%	15.6	5.6%	1.7	-0.3p	23.4	4.6%	26.5	4.8%
Extraordinary Income or Expenses	0.0		0.1		0.1		-0.0		-1.0	
Income before Taxes	13.9	6.0%	15.7	5.7%	1.8	-0.3p	23.4	4.6%	25.5	4.6%
Net Income	10.0	4.3%	10.8	3.9%	0.9	-0.4p	16.7	3.3%	17.5	3.2%
	FY3/19		FY3/20 2Q		Change fm FY3/19	FY3/19		FY3/20 Forecast		
Total Assets	369.6		427.3		57.6		369.6		395.0	
Net Assets	113.1	30.6%	117.9	27.6%	4.7	-3.0p	113.1	30.6%	125.6	31.8%
Interest-bearing Debt	57.8	15.6%	104.1	24.4%	46.3	8.7p	57.8	15.6%	58.0	14.7%
Cash and Deposits	31.2		42.0		10.8		31.2		34.7	
Net Debt	26.6	7.2%	62.1	14.5%	35.5	7.3p	26.6	7.2%	23.3	5.9%

Consolidated										
2Q					Entire term					
FY3/19 2Q		FY3/20 2Q		Change fm FY3/19 2Q	FY3/19		FY3/20 Forecast			
90.5		102.6		12.1		184.9		200.0		
77.5		108.3		30.8		182.9		205.0		
72.1		80.5		8.3		164.1		165.0		
240.1		291.4		51.3		531.9		570.0		
4.4		3.8		-0.6		10.1		10.0		
244.5		295.2		50.7		541.9		580.0		
11.4	12.6%	13.4	13.1%	1.9	0.4p	22.6	12.2%	24.3	12.2%	
6.9	8.9%	8.4	7.7%	1.5	-1.1p	13.6	7.4%	15.0	7.3%	
4.4	6.1%	3.4	4.2%	-1.0	-1.9p	7.9	4.8%	7.0	4.2%	
22.7	9.5%	25.1	8.6%	2.4	-0.8p	44.2	8.3%	46.3	8.1%	
0.9	20.6%	1.1	29.2%	0.2	8.6p	2.6	25.5%	2.6	26.0%	
23.6	9.7%	26.2	8.9%	2.6	-0.8p	46.7	8.6%	48.9	8.4%	
8.5	3.5%	9.1	3.1%	0.6	-0.4p	17.5	3.2%	18.4	3.2%	
6.9	7.7%	8.6	8.4%	1.6	0.7p	13.5	7.3%	14.7	7.4%	
4.0	5.2%	5.3	4.9%	1.3	-0.3p	7.7	4.2%	8.8	4.3%	
3.6	4.9%	2.5	3.0%	-1.1	-1.9p	6.0	3.7%	5.0	3.0%	
0.6	13.8%	0.8	21.4%	0.2	7.7p	2.0	19.7%	2.0	20.0%	
15.1	6.2%	17.2	5.8%	2.1	-0.4p	29.2	5.4%	30.5	5.3%	
-0.0		0.2		0.2		-2.7		-1.0		
15.1	6.2%	17.4	5.9%	2.3	-0.3p	26.6	4.9%	29.5	5.1%	
0.0		0.1		0.1		-0.0		-1.0		
15.1	6.2%	17.5	5.9%	2.4	-0.3p	26.6	4.9%	28.5	4.9%	
10.9	4.4%	12.1	4.1%	1.2	-0.3p	18.9	3.5%	19.5	3.4%	
	FY3/19		FY3/20 2Q		Change fm FY3/19	FY3/19		FY3/20 Forecast		
383.8		443.0		59.2		383.8		410.0		
126.6	33.0%	132.5	29.9%	5.9	-3.1p	126.6	33.0%	140.6	34.3%	
59.5	15.5%	105.8	23.9%	46.3	8.4p	59.5	15.5%	60.0	14.6%	
36.2		49.0		12.8		36.2		41.7		
23.3	6.1%	56.7	12.8%	33.4	6.7p	23.3	6.1%	18.3	4.5%	

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



Domestic Civil Engineering



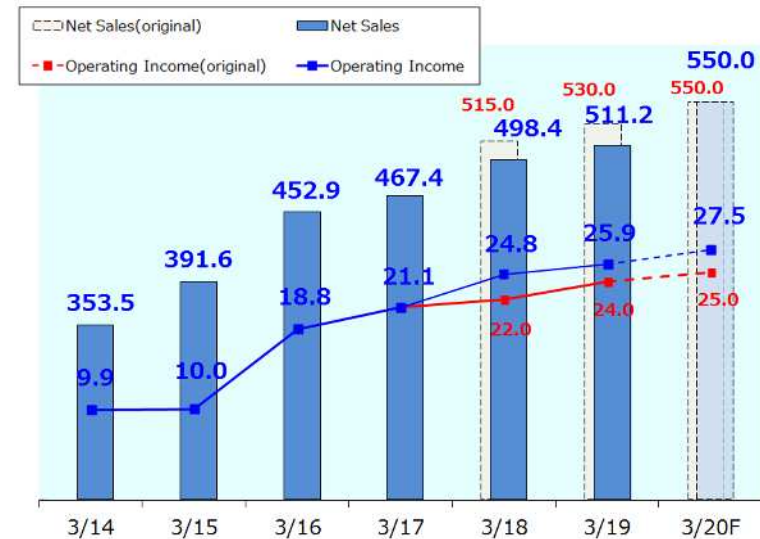
Domestic Building Construction



Overseas



Total



Financial Planning and Capital Policies

Efficient fund procurement

- More comprehensive cash flow management on construction projects in Japan and overseas
- Diversifying fund procurement measures

Foreign exchange risk management

- Boosting the number of overseas projects at hand, and expanding target areas
- Alleviating foreign exchange risks by undertaking hedging activities in an appropriate and timely manner

The temporary increase in Interest-bearing debt will be eliminated before the end of FY3/20

- Increase in interest-bearing debt due to the progress of large-scale projects (financial arrangement through 20 billion yen commitment line agreement and the issuance of 20 billion yen commercial paper on the end of Sep 2019)
- The interest-bearing debt at the end of FY3/20 will be almost our planned amount due to huge payment from the clients in the second half of the year
- 20 billion yen commercial paper will be redeemed before the end of FY3/20

Capital policies

- Improvement of the Equity ratio
 - Building the periodic profits steadily + Enhancement of financial soundness (Debt reduction by abolishing bill payment)
 - Target of Equity Ratio for FY3/20 (Consolidated): 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 (Consolidated):
20 to 25% → **25 to 30% from FY3/19**
→ Term end dividend of FY3/19: JPY19 (up JPY1 compared to the forecast at the beginning of the fiscal year)
→ Term end dividends for FY3/20: JPY20 (Dividend payout ratio forecast: 29.3%)

Balance of interest-bearing debt

(JPY bn)

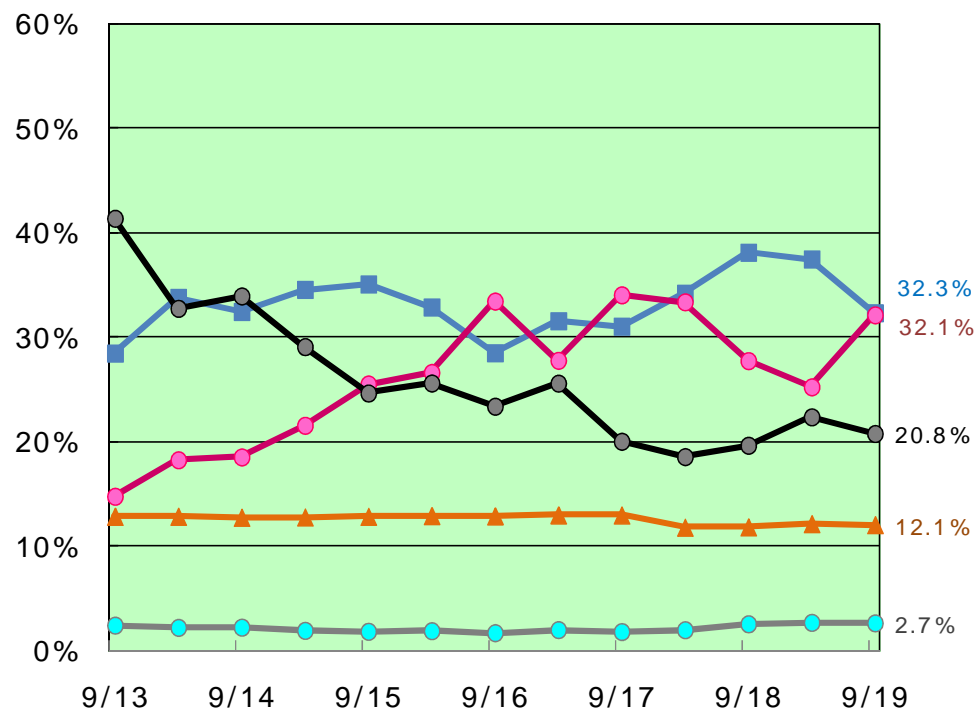
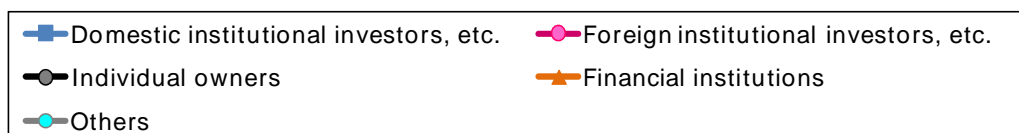
	Mid-term Management Plan Revised (May 2019)			2Q	
	3/18	3/19	3/20F	3/19 2Q	3/20 2Q
Consolidated					
Cash flow from operations	3.4	-6.6	17.0	-11.0	-24.5
Cash flow from investment	-13.1	-11.2	-6.0	-6.7	-3.1
Cash flow from financing	4.1	-12.5	-5.5	6.6	41.5
Balance of cash and deposit	65.7	36.2	41.7	55.3	48.5
Balance of debt with interest	67.5	59.5	60.0	78.6	105.8
(Change from the previous year)	7.8	-8.0	0.5	10.6	27.2
Non-Consolidated					
Balance of cash and deposit	60.2	31.2	34.7	51.5	42.0
Balance of debt with interest	65.8	57.8	58.0	76.9	104.1
(Change from the previous year)	7.8	-8.0	0.2	10.6	27.2

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

	3/14	3/15	3/16	3/17	3/18	3/19	3/20F
Dividend per share (Yen)	2.0	4.0	6.0	12.0	14.0	19.0	20.0
Dividend payout ratio (%)	15.2	18.5	22.0	22.5	22.5	28.7	29.3
Equity ratio (%)	22.3	21.0	21.3	25.9	26.7	33.0	34.3

Shareholder Composition

- Issued common stock: 286,013,910, including 209,978 of the treasury stocks
- Number of shareholders: 35,851 (down 632 over the previous term)
- Shareholder composition: Domestic institutional investors, etc 32.3% (down 5.2p), Foreign institutional investors, etc 32.1% (up 6.9p), Individual owners 20.8% (down 1.6p), Financial institutions 12.1% (down 0.1p), Other domestic corporations 2.7% (down 0.1p) → Institutional investors in and out of Japan 64.5% (up 1.7p)



Top 10 shareholders

As of 30 Sep. 2019

Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
Japan Trustee Service Bank, Ltd. (Trust account)	33,550	11.7
The Master Trust Bank of Japan, Ltd. (Trust account)	22,692	7.9
STATE STREET BANK AND TRUST COMPANY 505001	7,178	2.5
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	6,656	2.3
Japan Trustee Service Bank, Ltd. (Trust account 5)	5,104	1.8
JUNIPER	4,819	1.7
JP Morgan Chase Bank 385151	4,602	1.6
Sompo Japan Nipponkoa Insurance Inc.	4,280	1.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,934	1.4
Total held by top 10 shareholders	99,878	35.0