

# Financial Results of FY3/20 & Forecasts for FY3/21

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**May 2020**



# Contents

■ Orders Received of FY3/20 & Forecasts for FY3/21	1
■ Business Results of FY3/20	2
■ Business Forecasts for FY3/21(Entire term・2Q term)	3
■ Trends of Sales and Operating Profit by Business Unit (Non-consolidated)	4
■ Financial Planning and Dividends	5
■ Shareholder Composition	6



**Mr.PENTA**

【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 FY3/20 & Forecasts for FY3/21

(JPY bn)

## Orders Received for FY3/20

### Domestic Civil Engineering Business Unit: JPY192.8 bn (up JPY30.4 bn YoY)

- Marine: JPY97.0 bn (up JPY12.3 bn YoY)
  - Orders increased both in public and private sectors, thanks to increasing projects in response to the national resilience plan and high-level demand for public investments
- Land: JPY95.7 bn (up JPY18.1 bn YoY)
  - Increased thanks to large-scale projects in private sector, despite the reactionary drop from the previous term in public sector

### Domestic Building Construction Business Unit: JPY165.1 bn (down JPY8.8 bn YoY)

- Residence: JPY22.3 bn (up JPY3.0 bn YoY)
  - Increased thanks to large-scale redevelopment project
- Non-Residence: JPY142.8 bn (down JPY11.8 bn YoY)
  - Orders increased in public sector, but decreased in private sector

### Overseas Business Unit: JPY81.5 bn (down JPY82.6 bn YoY)

- Civil Engineering: JPY66.9 bn (down JPY19.4 bn YoY)
  - Received order for a large-scale port development project in Madagascar
- Building Construction: JPY14.6 bn (down JPY63.2 bn YoY)
  - No large-scale orders received in Singapore or Hong-Kong

## Orders Received Forecasts for FY3/21

Scaling up the size of orders by focusing on our field of expertise

- Domestic Civil Engineering Business Unit: JPY200 bn (Flat)  
Meeting high-level demand in public sector by achieving further inter-departmental collaboration (Sales, Construction and Technology)
- Domestic Building Construction Business Unit: JPY180 bn (Increase)  
Further enhancement in the company's strong fields (Logistics etc.) as well as securing large-scale projects
- Overseas Business Unit: JPY175 bn (Increase)  
Continuously taking initiatives to win large-scale projects by utilizing the company's strengths

		FY3/19	FY3/20		FY3/21			
		Result	Result	Changes from FY3/19	YoY	Forecast	Changes from FY3/20	YoY
Domestic Civil Engineering	Public Sector	134.0	126.7	-7.2	-5.4%	150.0	23.3	18.4%
	Private Sector	28.4	66.1	37.7	132.6%	50.0	-16.1	-24.3%
	Total	162.4	192.8	30.4	18.7%	200.0	7.2	3.7%
	Marine Civil Engineering	84.7	97.0	12.3	14.5%	115.0	18.0	18.5%
	Land Civil Engineering	77.6	95.7	18.1	23.4%	85.0	-10.7	-11.2%
	Share of Marine Civil	52.2%	50.3%	-	-	57.5%	-	-
Domestic Building Construction	Public Sector	14.8	24.5	9.7	65.5%	10.0	-14.5	-59.2%
	Private Sector	159.1	140.6	-18.5	-11.6%	170.0	29.4	20.9%
	Total	173.9	165.1	-8.8	-5.0%	180.0	14.9	9.0%
	Residential	19.3	22.3	3.0	15.6%	20.0	-2.3	-10.3%
	Non-Residential	154.6	142.8	-11.8	-7.6%	160.0	17.2	12.0%
	Share of Residential	11.1%	13.5%	-	-	11.1%	-	-
Domestic Construction Total	Public Sector	148.8	151.2	2.5	1.7%	160.0	8.8	5.8%
	Private Sector	187.5	206.7	19.2	10.2%	220.0	13.3	6.5%
	Total	336.2	357.9	21.7	6.4%	380.0	22.1	6.2%
Overseas	Civil Engineering	86.3	66.9	-19.4	-22.4%	70.0	3.1	4.6%
	Building Const.	77.9	14.6	-63.2	-81.2%	105.0	90.4	619.0%
	Overseas Total	164.1	81.5	-82.6	-50.3%	175.0	93.5	114.7%
Construction Total	Civil Engineering	248.6	259.7	11.1	4.5%	270.0	10.3	4.0%
	Building Const.	251.7	179.7	-72.0	-28.6%	285.0	105.3	58.6%
	Total	500.4	439.4	-61.0	-12.2%	555.0	115.6	26.3%
Others	1.0	0.4	-0.6	-64.6%	0.5	0.1	41.7%	
<b>Total</b>	<b>501.4</b>	<b>439.8</b>	<b>-61.6</b>	<b>-12.3%</b>	<b>555.5</b>	<b>115.7</b>	<b>26.3%</b>	

# Business Results of FY3/20

**Achieved record-high profit for the 6<sup>th</sup> consecutive fiscal year on both consolidated and non-consolidated basis**

## ■ Non-consolidated

● **Net Sales: JPY541.5 bn (up JPY29.3 bn YoY)**

- Domestic Civil Engineering Business Unit: Increased due to steady progress of marine/land civil projects
- Domestic Building Construction Business Unit: Increased due to steady progress of a number of large-scale projects on hand
- Overseas Business Unit: Decreased due to a drop in building construction works, despite the increases in civil engineering works

● **Gross Profit: JPY46.7 bn (up JPY4.7 bn YoY)**

- Domestic Civil Engineering Business Unit: Increased thanks to the rise in completion of construction, better profit margins as well as securing orders for design change works, in marine and land civil engineering fields
- Domestic Building Construction Business Unit: Secured certain level of profit thanks to the increase in completion of construction, despite a drop in profit margin in certain loss-making projects
- Overseas Business Unit: Decreased due to large-scale repair costs incurred for vessels, despite the prior-year level profit made mainly in marine works
- Development Business: Write-downs of land in preparation for sale due to delay in development

● **Operating Profit: JPY29.3 bn (up JPY3.5 bn YoY)**

● **Ordinary Income: JPY29.0 bn (up JPY5.5 bn YoY)**

● **Net Income: JPY20.9 bn (up JPY4.2 bn YoY)**

## ■ Consolidated

● **Net Sales: JPY573.8 bn (up JPY31.9 bn YoY)**

● **Gross Profit: JPY51.9 bn (up JPY5.2 bn YoY)**

● **Operating Profit: JPY33.2 bn (up JPY3.9 bn YoY)**

● **Ordinary Income: JPY32.5 bn (up JPY6.0 bn YoY)**

● **Net Income: JPY23.4 bn (up JPY4.5 bn YoY)**

(JPY bn)

	Non-Consolidated						Consolidated					
	FY3/20		YoY		FY3/20 Revised Forecast		FY3/20		YoY		FY3/20 Revised Forecast	
Domestic Civil	194.4		22.0	12.7%	195.0		209.5		24.6	13.3%	208.0	
Domestic Building	192.6		14.4	8.1%	191.0		197.0		14.1	7.7%	195.0	
Overseas	154.2		-6.4	-4.0%	154.0		157.6		-6.4	-3.9%	158.0	
Construction Total	541.2		30.0	5.9%	540.0		564.1		32.3	6.1%	561.0	
Others	0.4		-0.6	-64.6%	0.5		9.7		-0.4	-3.9%	9.0	
Net Sales	541.5		29.3	5.7%	540.5		573.8		31.9	5.9%	570.0	
Domestic Civil	28.7	14.8%	7.4	2.4p	26.5	13.6%	30.2	14.4%	7.6	2.2p	27.8	13.4%
Domestic Building	11.8	6.2%	-1.1	-1.1p	13.0	6.8%	12.6	6.4%	-1.0	-1.0p	13.7	7.0%
Overseas	7.1	4.6%	-0.7	-0.2p	7.0	4.5%	8.1	5.2%	-0.6	-0.1p	8.1	5.1%
Gross Profit on Construction	47.7	8.8%	5.6	0.6p	46.5	8.6%	50.9	9.0%	6.0	0.6p	49.6	8.8%
Others	-0.9	-267.1%	-1.0	-268.4p	0.0	0.0%	1.0	9.9%	-0.9	-8.2p	1.4	15.6%
Total Gross Profit	46.7	8.6%	4.7	0.4p	46.5	8.6%	51.9	9.0%	5.2	0.4p	51.0	8.9%
SG & A	17.4	3.2%	1.2	0.1p	17.5	3.2%	18.7	3.3%	1.2	0.0p	19.0	3.3%
Domestic Civil	19.1	9.9%	6.5	2.5p	17.0	8.7%	20.2	9.6%	6.6	2.3p	17.7	8.5%
Domestic Building	5.7	3.0%	-1.5	-1.1p	7.0	3.7%	6.3	3.2%	-1.4	-1.0p	7.3	3.7%
Overseas	5.4	3.5%	-0.6	-0.2p	5.0	3.2%	6.3	4.0%	-0.4	-0.1p	5.7	3.6%
Others	-1.0	-3.0%	-0.9	-1.7p	0.0	0.0%	0.4	4.0%	-0.9	-8.7p	1.3	14.4%
Operating Profit	29.3	5.4%	3.5	0.4p	29.0	5.4%	33.2	5.8%	3.9	0.4p	32.0	5.6%
Non-Operating Income or Expenses	-0.4		2.1		-0.5		-0.6		2.0		-0.5	
Ordinary Income	29.0	5.4%	5.5	0.8p	28.5	5.3%	32.5	5.7%	6.0	0.8p	31.5	5.5%
Extraordinary Income or Expenses	-0.1		-0.1		0.0		-0.0		0.0		0.0	
Income before Taxes	28.9	5.3%	5.5	0.8p	28.5	5.3%	32.5	5.7%	5.9	0.8p	31.5	5.5%
Net Income	20.9	3.9%	4.2	0.6p	20.0	3.7%	23.4	4.1%	4.5	0.6p	22.0	3.9%

	FY3/20	YoY	FY3/20 Revised Forecast	FY3/20	YoY	FY3/20 Revised Forecast
Total Assets	419.5	49.9	395.0	428.9	45.0	410.0
Net Assets	126.7	30.2%	13.6	-0.4p	127.7	32.3%
Interest-bearing Debt	74.7	17.8%	16.9	2.2p	58.0	14.7%
Cash and Deposits	40.5	9.2	34.7	43.6	7.4	41.7
Net Debt	34.3	8.2%	7.6	1.0p	23.3	5.9%
Net D/E Ratio (Point)	0.3		0.2	0.2		0.1
Return on Equity (ROE)	17.4%	1.8p	16.6%	17.4%	1.6p	16.3%

※ Please note that business results of overseas subsidiaries which were previously part of "Others" are now allocated under "Overseas"

# Business Forecasts for FY3/21 (Entire term • 2Q term)



(JPY bn)

	Entire term											
	Non-Consolidated						Consolidated					
	FY3/20		FY3/21		YoY		FY3/20		FY3/21		YOY	
Domestic Civil	194.4		185.0		-9.4		209.5		197.0		-12.5	
Domestic Building	192.6		150.0		-42.6		197.0		154.0		-43.0	
Overseas	154.2		130.0		-24.2		157.6		135.0		-22.6	
Construction Total	541.2		465.0		-76.2		564.1		486.0		-78.1	
Others	0.4		0.5		0.1		9.7		7.0		-2.7	
Net Sales	541.5		465.5		-76.0		573.8		493.0		-80.8	
Domestic Civil	28.7	14.8%	26.0	14.1%	-2.7	-0.7p	30.2	14.4%	27.6	14.0%	-2.6	-0.4p
Domestic Building	11.8	6.2%	11.0	7.3%	-0.8	1.2p	12.6	6.4%	11.5	7.5%	-1.1	1.1p
Overseas	7.1	4.6%	6.0	4.6%	-1.1	0.0p	8.1	5.2%	6.9	5.1%	-1.2	-0.0p
Gross Profit on Construction	47.7	8.8%	43.0	9.2%	-4.7	0.4p	50.9	9.0%	46.0	9.5%	-4.9	0.4p
Others	-0.9	-267.1%	0.0	0.0%	0.9	267.1p	1.0	9.9%	1.5	21.4%	0.5	11.6p
Total Gross Profit	46.7	8.6%	43.0	9.2%	-3.7	0.6p	51.9	9.0%	47.5	9.6%	-4.4	0.6p
SG & A	17.4	3.2%	18.5	4.0%	1.1	0.8p	18.7	3.3%	20.0	4.1%	1.3	0.8p
Domestic Civil	19.1	9.9%	16.0	8.6%	-3.1	-1.2p	20.2	9.6%	17.1	8.7%	-3.1	-0.9p
Domestic Building	5.7	3.0%	4.5	3.0%	-1.2	0.0p	6.3	3.2%	4.8	3.1%	-1.5	-0.1p
Overseas	5.4	3.5%	4.0	3.1%	-1.4	-0.5p	6.3	4.0%	4.7	3.5%	-1.6	-0.5p
Others	-1.0	-276.3%	0.0	0.0%	1.0	276.3p	0.4	4.0%	0.9	12.9%	0.5	8.9p
Operating Profit	29.3	5.4%	24.5	5.3%	-4.8	-0.2p	33.2	5.8%	27.5	5.6%	-5.7	-0.2p
Non-Operating Income or Expenses	-0.4		-0.5		-0.1		-0.6		-0.5		0.1	
Ordinary Income	29.0	5.4%	24.0	5.2%	-5.0	-0.2p	32.5	5.7%	27.0	5.5%	-5.5	-0.2p
Extraordinary Income or Expenses	-0.1		-0.5		-0.4		-0.1		-0.5		-0.4	
Income before Taxes	28.9	5.3%	23.5	5.0%	-5.4	-0.3p	32.5	5.7%	26.5	5.4%	-6.0	-0.3p
Net Income	20.9	3.9%	16.5	3.5%	-4.4	-0.3p	23.4	4.1%	18.5	3.8%	-4.9	-0.3p
Earning Per Share (JPY)	73.1		57.8		-15.3		81.8		64.8		-17.0	

	2Q											
	Non-Consolidated						Consolidated					
	FY3/20		FY3/21		YoY		FY3/20		FY3/21		YOY	
93.6		90.0		-3.6		102.6		96.0		-6.6		
105.3		70.0		-35.3		108.3		72.0		-36.3		
77.8		50.0		-27.8		80.5		52.0		-28.5		
276.8		210.0		-66.8		291.4		220.0		-71.4		
0.1		0.2		0.1		3.8		3.2		-0.6		
276.9		210.2		-66.7		295.2		223.2		-72.0		
12.8	13.6%	12.7	14.1%	-0.1	0.5p	13.4	13.1%	13.5	14.1%	0.1	1.0p	
7.8	7.4%	5.1	7.3%	-2.7	-0.1p	8.4	7.7%	5.3	7.4%	-3.1	-0.4p	
3.2	4.2%	2.3	4.6%	-0.9	0.4p	3.7	4.6%	2.7	5.2%	-1.0	0.6p	
23.8	8.6%	20.1	9.6%	-3.7	1.0p	25.5	8.8%	21.5	9.8%	-4.0	1.0p	
0.0	-26.3%	0.0	0.0%	0.0	26.3p	0.7	19.3%	0.7	21.9%	-0.0	2.6p	
23.8	8.6%	20.1	9.6%	-3.7	1.0p	26.2	8.9%	22.2	9.9%	-4.0	1.1p	
8.4	3.0%	9.0	4.3%	0.6	1.2p	9.1	3.1%	9.7	4.3%	0.6	1.3p	
8.2	8.8%	7.7	8.6%	-0.5	-0.2p	8.6	8.4%	8.3	8.6%	-0.3	0.3p	
4.8	4.6%	2.0	2.9%	-2.8	-1.7p	5.3	4.9%	2.1	2.9%	-3.2	-2.0p	
2.4	3.1%	1.4	2.8%	-1.0	-0.3p	2.8	3.5%	1.7	3.3%	-1.1	-0.2p	
-0.1	-41.5%	0.0	0.0%	0.1	41.5p	0.5	11.9%	0.4	12.5%	-0.1	0.6p	
15.4	5.6%	11.1	5.3%	-4.3	-0.3p	17.2	5.8%	12.5	5.6%	-4.7	-0.2p	
0.2		-0.2		-0.4		0.2		-0.2		-0.4		
15.6	5.6%	10.9	5.2%	-4.7	-0.4p	17.4	5.9%	12.3	5.5%	-5.1	-0.4p	
0.1		-0.1		-0.2		0.1		-0.1		-0.2		
15.7	5.7%	10.8	5.1%	-4.9	-0.5p	17.5	5.9%	12.2	5.5%	-5.3	-0.5p	
10.8	3.9%	7.6	3.6%	-3.2	-0.3p	12.1	4.1%	8.6	3.9%	-3.5	-0.2p	

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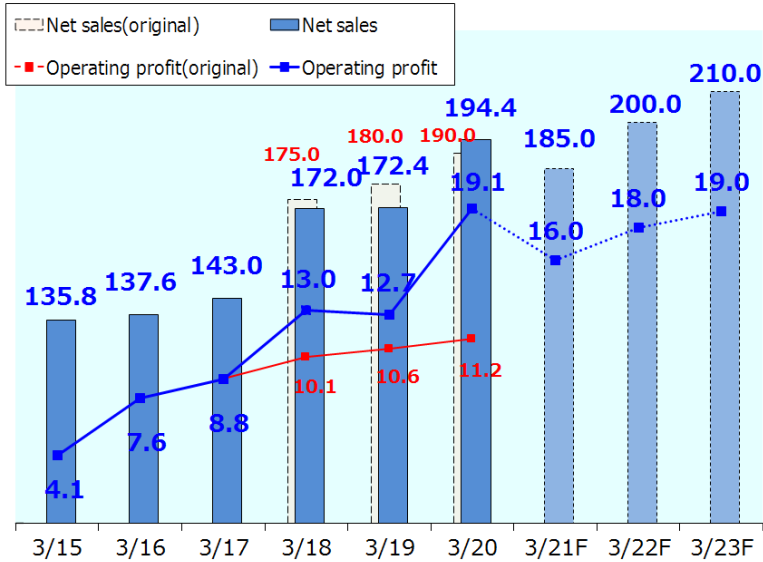
## Business forecasts for FY 3/21

- Domestic Civil : Decrease in net sales and profit due to completion of Tokyo Olympics/Paralympics Game related projects
- Domestic Building: Decrease in net sales and profit due to completion of large-scale projects in the previous term, despite the improved profit margin with less loss-making projects
- Overseas : Decrease in net sales and profit due to the adversary effect of COVID-19 spread (Construction suspended in Southeast Asia and Africa - Net sales decreased by JPY 20 (4.0%))

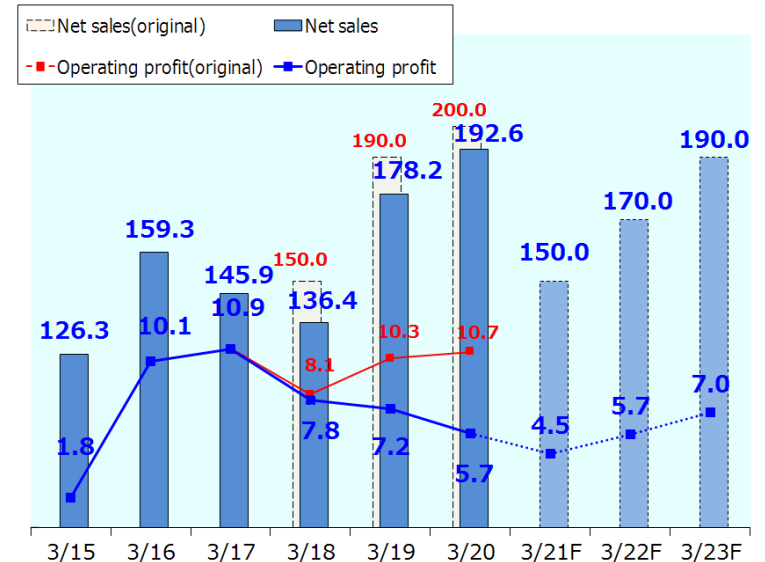
	FY3/20		FY3/21		YoY		FY3/20		FY3/21		YOY	
Total Assets	419.5		400.0		-19.5		428.9		420.0		-8.9	
Net Assets	126.7	30.2%	136.3	34.1%	9.6	3.9p	141.3	32.9%	152.9	36.4%	11.6	3.5p
Interest-bearing Debt	74.7	17.8%	77.0	19.3%	2.3	1.4p	77.5	18.1%	82.0	19.5%	4.5	1.4p
Cash and Deposits	40.5		50.0		9.5		43.6		54.0		10.4	
Net Debt	34.3	8.2%	27.0	6.8%	-7.3	-1.4p	33.9	7.9%	28.0	6.7%	-5.9	-1.2p

# Trends of Sales and Operating Profit by Business Unit (Non-consolidated)

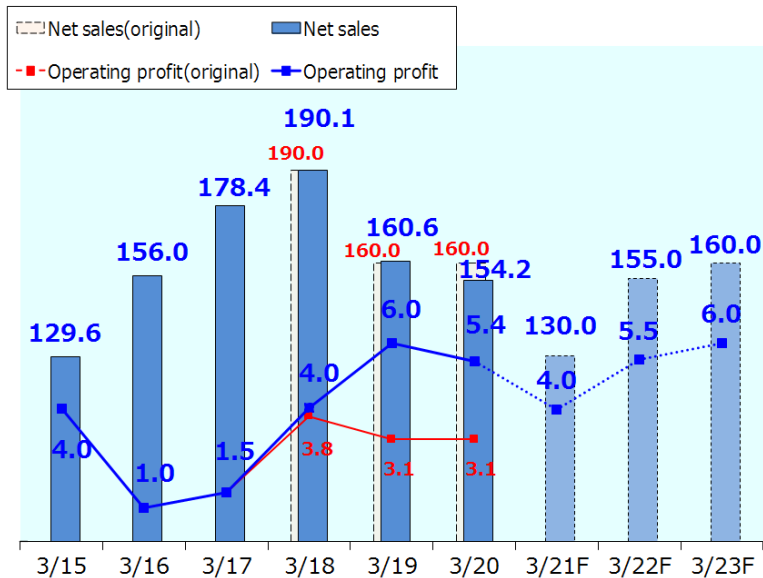
## ● Domestic Civil Engineering



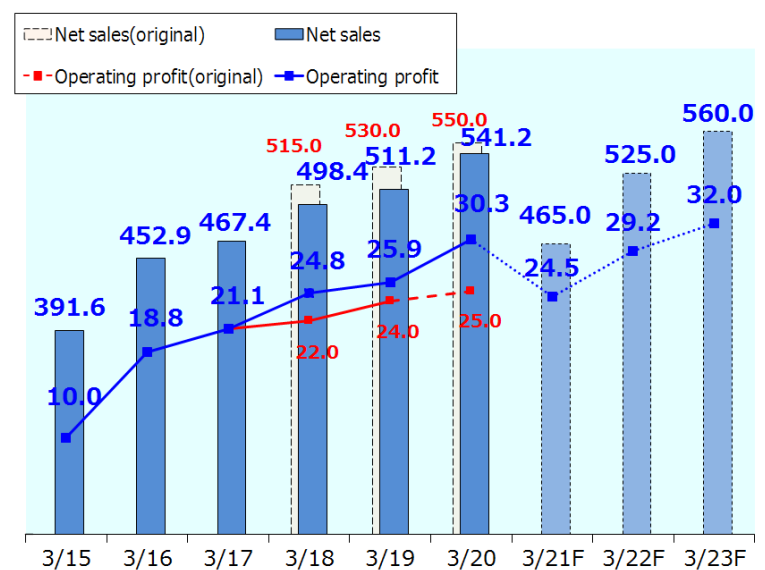
## ● Domestic Building Construction



## ● Overseas



## ● Total



# Financial Planning and Dividends

## ■ Increasing demand for funds

- Coping with the increasing demand for funds to cover strategic investments (such as a large-scale vessel for offshore wind farms etc.) and business scale expansion
- FY 3/20: Secured flexible funding through commitment-line agreements and CP issuance (up JPY 18 bn)
- FY 3/21: Planning fund procurement up to JPY 20 bn, (through bank borrowing and corporate bond issuance), plus CP issuance to ensure flexible funding
- Consolidated interest-bearing debt for FY 3/21:  
JPY 82 bn (up 4.5 bn)

## ■ Strengthening global cash flow management

- Implementing thorough cash flow management for both domestic and overseas projects
- Conducting centralized management of all projects including overseas to enhance capital use efficiency

## ■ Appropriate management of Foreign Exchange risk

- Increase of overseas business volume
  - Mitigating foreign exchange risks by conducting appropriate currency hedging
- Expansion of overseas business areas
  - Strengthening risk management of minor currencies

## ■ Dividends

- Basic profit distribution policy
  - Aiming at enhancement of capital adequacy and capital investment while providing steady and appropriate shareholder returns
  - Raising target of payout ratio (consolidated)  
25 to 30% (from FY 3/19 -) → **30% or higher from FY3/21**
- FY3/20: Up JPY4 compared to the forecast at the beginning of the fiscal year    Dividends: JPY24 (Payout ratio: 29.4%)
- FY3/21: Ordinary dividend    JPY20 (Payout ratio: 30.9%)
- Plus JPY5 commemorative dividend for the company's 125th anniversary of the founding    (JPY25 in total)

## Balance of interest-bearing debt

(JPY bn)

	3/18	3/19	3/20	3/21F
<b>Consolidated</b>				
Cash flow from operations	3.4	-6.6	4.4	27.0
Cash flow from investment	-13.1	-11.2	-9.1	-13.5
Cash flow from financing	4.1	-12.5	13.5	-3.0
Balance of cash and deposit	65.7	36.2	43.6	54.0
Balance of debt with interest	67.5	59.5	77.5	82.0
(Change from the previous year)	7.8	-8.0	18.0	4.5
<b>Non-Consolidated</b>				
Balance of cash and deposit	60.2	31.2	40.5	50.0
Balance of debt with interest	65.8	57.8	74.7	77.0
(Change from the previous year)	7.8	-8.0	16.9	2.3

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

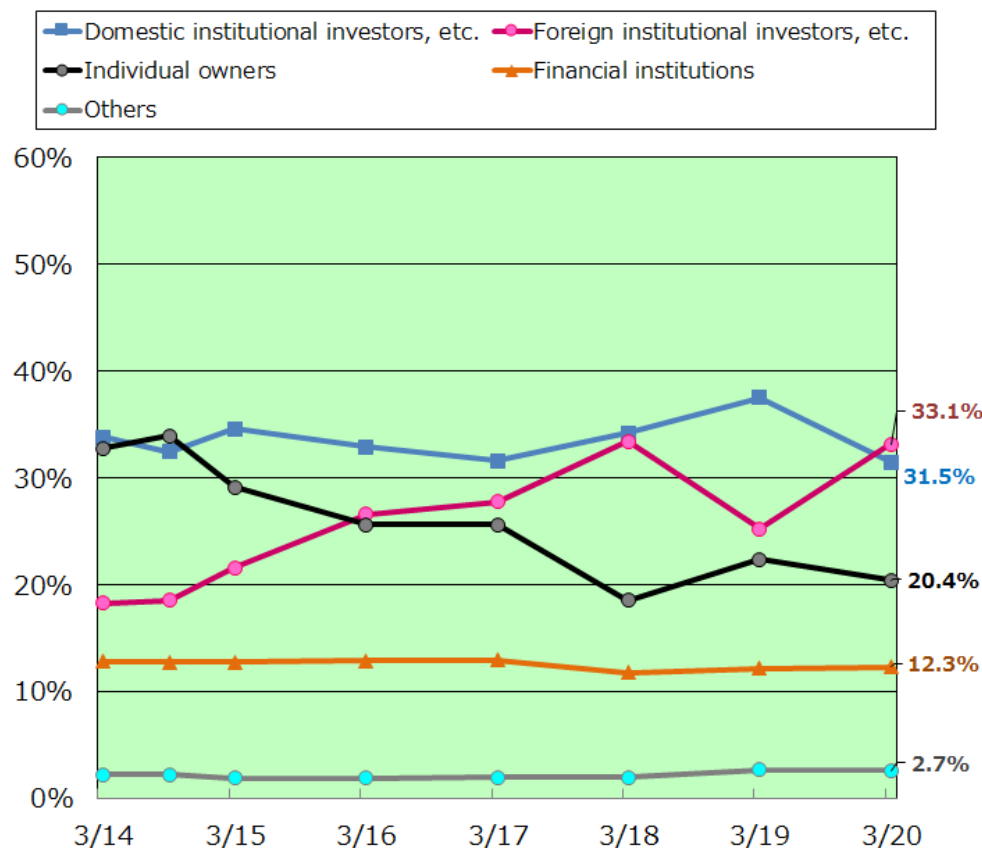
	3/18	3/19	3/20	3/21F	3/21F※
Dividend per share (Yen)	14.0	19.0	24.0	20.0	25.0
Dividend payout ratio (%)	22.5	28.7	29.4	30.9	38.6
Equity ratio (%)	26.8	33.0	32.9	36.4	

※Including commemorative dividend

# Shareholder Composition

- Issued common stock: 286,013,910, including 210,154 of the treasury stocks
- Number of shareholders: 37,463 (up 980 over the previous term)
- Shareholder composition: Domestic Institutional investors, etc. 31.5% (down 6.0p), Foreign institutional investors, etc. 33.1% (up 7.9p), Individual owners 20.4% (down 2.0p), Financial institutions 12.3% (up 0.2p), Other domestic corporations 2.7% ( 0.0p) → Institutional investors in and out of Japan 64.6% (up 1.9p)

## Top 10 shareholders



As of 31 Mar. 2020

Name of shareholders	Shares held (in thousands)	Voting right ratio(%)
Japan Trustee Service Bank, Ltd. (Trust account)	31,756	11.1
The Master Trust Bank of Japan, Ltd. (Trust account)	24,106	8.4
STATE STREET BANK AND TRUST COMPANY 505001	9,289	3.3
Mizuho Bank, Ltd.	7,059	2.5
Meiji Yasuda Life Insurance Company	6,656	2.3
JP Morgan Chase Bank 385151	5,430	1.9
Japan Trustee Service Bank, Ltd. (Trust account 5)	5,073	1.8
JUNIPER	4,338	1.5
Sompo Japan Nipponkoa Insurance Inc.	4,280	1.5
Tokio Marine & Nichido Fire Insurance Co., Ltd.	3,934	1.4
<b>Total held by top 10 shareholders</b>	<b>101,924</b>	<b>35.7</b>