

Financial Results for 3Q of FY3/22 & Revised Business Forecasts for FY3/22

Feb. 2022



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Orders Received for 3Q of FY3/22 & Forecasts for FY3/22

Results for 3Q of FY 3/22

- **Domestic Civil Engineering** :
Private sector maintained the same level of orders YoY, while public sector showed a certain drop
- **Domestic Building Construction** :
Secured the same level of orders YoY thanks to an increase in private sector offsetting a decrease in public sector
- **Overseas** :
Decreased significantly due to lack of large-scale orders

FY 3/22 full-year forecasts

- **Domestic Civil Engineering** :
Down JPY 30 bn : Due to a decrease in orders in public sector
- **Domestic Building Construction** :
Unchanged : Robust demand in private sector such as logistics facilities, despite of fierce competition
- **Overseas** :
Down JPY 100 bn : Demand for large-scale projects taking long to pick up

(JPY bn)

		FY3/21 3Q ①	FY3/22 3Q ②	Change fm FY3/21 3Q (②-①)	YoY	FY3/21	FY3/22 F (May 2021)	FY3/22 F (Feb 2022) ③	Achievement ratio (②/③)
Domestic Civil Engineering	Public Sector	77.0	69.0	-8.0	-10.4%	125.8	150.0	110.0	62.7%
	Private Sector	43.6	43.7	0.1	0.3%	59.9	50.0	60.0	72.9%
	Total	120.6	112.7	-7.9	-6.5%	185.7	200.0	170.0	66.3%
Domestic Building Construction	Public Sector	31.0	9.9	-21.1	-68.0%	37.3	10.0	10.0	99.2%
	Private Sector	80.7	101.8	21.1	26.2%	140.9	170.0	170.0	59.9%
	Total	111.7	111.8	0.0	0.0%	178.2	180.0	180.0	62.1%
Overseas	Civil Engineering	4.4	9.6	5.1	115.8%	7.7	90.0	42.5	22.6%
	Building Construction	98.6	6.7	-91.9	-93.2%	133.4	60.0	7.5	88.8%
	Total	103.0	16.3	-86.7	-84.2%	141.1	150.0	50.0	32.5%
	Civil Engineering	125.1	122.3	-2.7	-2.2%	193.3	290.0	212.5	57.6%
	Building Construction	210.3	118.4	-91.9	-43.7%	311.6	240.0	187.5	63.2%
	Construction Total	335.4	240.7	-94.6	-28.2%	505.0	530.0	400.0	60.2%
Others	0.2	1.2	1.0	428.2%	0.3	1.0	1.5	81.4%	
Total	335.6	242.0	-93.6	-27.9%	505.3	531.0	401.5	60.3%	

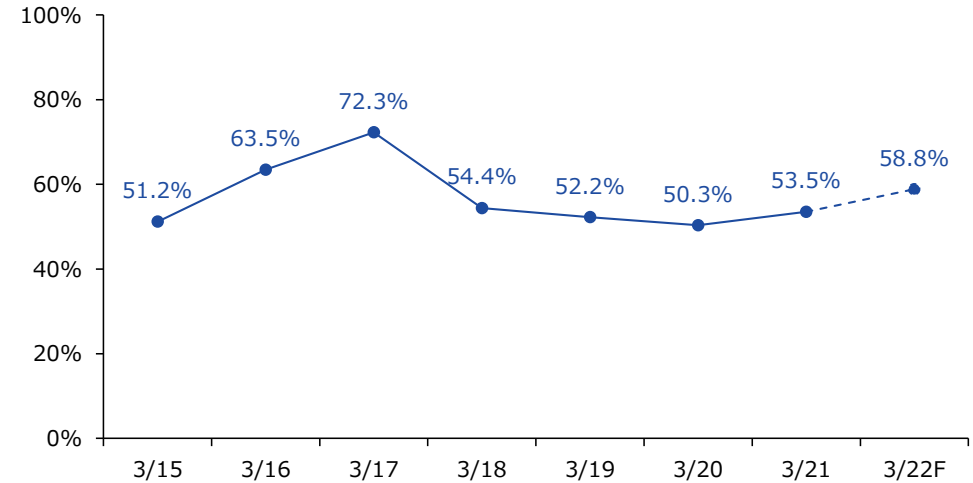
■ Proportion of Orders Received Results (Non-Consolidated)

● Domestic Civil Engineering

(JPY bn)

		FY3/19	FY3/20	FY3/21	FY3/22			
		Result	Result	Result	FY3/22 F (May 2021)	FY3/22 F (Feb 2022)	FY3/22 3Q	Achievement ratio
Proportion of Public & Private	Public Sector	134.0	126.7	125.8	150.0	110.0	69.0	62.7%
	Private Sector	28.4	66.1	59.9	50.0	60.0	43.7	72.9%
	Total	162.4	192.8	185.7	200.0	170.0	112.7	66.3%
	Proportion of Private Sector	17.5%	34.3%	32.3%	25.0%	35.3%	38.8%	—
Proportion of Marine & Land	Marine Civil Engineering	84.7	97.0	99.3	100.0	100.0	67.9	67.9%
	Land Civil Engineering	77.6	95.7	86.3	100.0	70.0	44.8	64.0%
	Total	162.4	192.8	185.7	200.0	170.0	112.7	66.3%
	Proportion of Marine Civil	52.2%	50.3%	53.5%	50.0%	58.8%	60.3%	—

Marine Civil Portion

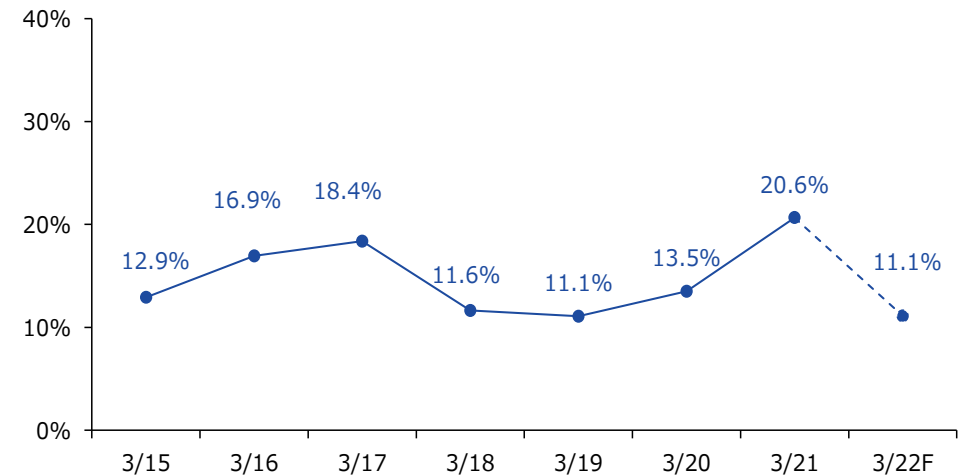


● Domestic Building Construction

(JPY bn)

		FY3/19	FY3/20	FY3/21	FY3/22			
		Result	Result	Result	FY3/22 F (May 2021)	FY3/22 F (Feb 2022)	FY3/22 3Q	Achievement ratio
Proportion of Public & Private	Public Sector	14.8	24.5	37.3	10.0	10.0	9.9	99.2%
	Private Sector	159.1	140.6	140.9	170.0	170.0	101.8	59.9%
	Total	173.9	165.1	178.2	180.0	180.0	111.8	62.1%
	Proportion of Private Sector	91.5%	85.2%	79.1%	94.4%	94.4%	91.1%	—
Proportion of Residential & Non-Residential	Residential	19.3	22.3	36.8	20.0	20.0	14.7	73.5%
	Non-Residential	154.6	142.8	141.4	160.0	160.0	97.1	60.7%
	Total	173.9	165.1	178.2	180.0	180.0	111.8	62.1%
	Proportion of Residential	11.1%	13.5%	20.6%	11.1%	11.1%	13.2%	—

Residential Portion



Outline of Revised Business Forecasts for FY3/22

Forecasts for FY 3/22 (Consolidated) – Downward revision

● Sales : JPY 460.0 bn

(down JPY 31.0 bn compared to the last forecast)
(down 2.3% YoY)

➢ Orders in Domestic Civil Engineering and Overseas have been revised downward compared to the forecast made at the beginning of the current term

● Operating Profit : JPY 18.0 bn

(down JPY 11.0 bn compared to the last forecast)
(down 40.9% YoY)

① Losses in a large-scale civil engineering project in Singapore (approx. JPY 5.0 bn)

➢ Non-conformity of ground condition (volume of reclamation materials [sand, etc.] increased during work, delay in construction period)

➢ Effects of the prolonged COVID-19 crisis

(Interruption of work due to anti-COVID-19 lockdowns, delay in construction period due to worker shortage and price hike of materials/subcontracting fees)

※The loss is appropriated to the 3Q business results

② Other factors :

Decline in Gross Profit due to (1) a decrease in the completion both in Domestic Civil Engineering and Overseas, and (2) an increase in SG&A expenses

● Net Income : JPY 11.5 bn

(down JPY 8.5 bn compared to the last forecast)
(down 45.2% YoY)

(Reference)

Outlook for FY 3/23 – Expectation for business recovery

- Higher sales thanks to start of large-scale projects
- Construction start of multiple large-scale projects and steady progress of projects at hand are expected in all segments; Domestic Civil Engineering, Domestic Building Construction and Overseas
- Improved profit margins for domestic construction projects : Civil engineering: Approx. 16%, Building Construction : Approx. 7%
- Consolidated Sales: Likely to exceed JPY 500.0 bn
Net Income : Likely to exceed JPY 20.0 bn
⇒ Results are expected to recover to the same level as FY 3/21
- ※Sales growth is expected to continue after FY 3/24 thanks to steady progress of large-scale projects

【Consolidated】

	FY3/22F			[Reference]FY3/23		
	FY3/22F (May 2021)	FY3/22F (Feb 2022)	Change From FY3/22F (May 2021)	Mid-term Management Plan (May 2020)	Outlook (Feb 2022)	Change From FY3/23F (May 2020)
Construction Total Orders Received (Non-Consolidated)	530.0	400.0	-130.0	600.0	690.0	90.0
Domestic Civil Engineering	200.0	170.0	-30.0	240.0	300.0	60.0
Domestic Building Construction	180.0	180.0	0.0	200.0	230.0	30.0
Overseas	150.0	50.0	-100.0	160.0	160.0	0.0
Net Sales	491.0	460.0	-31.0	605.0	525.0	-80.0
Domestic Civil Engineering	197.5	175.0	-22.5	222.0	215.0	-7.0
Domestic Building Construction	153.5	150.0	-3.5	194.0	165.0	-29.0
Overseas	131.5	125.0	-6.5	178.5	135.0	-43.5
Others	8.5	10.0	1.5	10.5	10.0	-0.5
Total Gross Profit	49.8	40.0	-9.8	58.5	53.5	-5.0
Domestic Civil Engineering	30.2	28.0	-2.2	31.8	34.0	2.2
Domestic Building Construction	11.5	10.5	-1.0	14.7	12.5	-2.2
Overseas	6.0	-0.5	-6.5	9.6	5.5	-4.1
Others	2.1	2.0	-0.1	2.4	1.5	-0.9
SG&A	20.8	22.0	1.2	22.0	22.0	0.0
Operating Profit	29.0	18.0	-11.0	36.5	31.5	-5.0
Ordinary Income	28.5	17.0	-11.5	36.0	31.0	-5.0
Net Income	20.0	11.5	-8.5	25.0	21.0	-4.0

※Business forecasts for FY 3/23 will be announced in May 2022

Dividends

○Basic profit distribution policy

Aiming at enhancement of capital adequacy and capital investment while providing steady and appropriate shareholder returns

○Target of payout ratio (Consolidated)

30% or higher from FY 3/21

As announced at the beginning of the current term, we maintain the dividend per share at JPY 23 (Payout ratio 57.2%)

※Because the business downturn for FY 3/22 is considered transitory

Revised Business Forecasts for FY3/22



(JPY bn)

	Non-Consolidated										Consolidated									
	FY3/21		FY3/22F (May 2021)		FY3/22F (Feb 2022)		Change from FY3/22F (May 2021)		Change from FY3/21		FY3/21		FY3/22F (May 2021)		FY3/22F (Feb 2022)		Change from FY3/22F (May 2021)		Change from FY3/21	
Domestic Civil Engineering	185.5		185.0		160.0	16.3%	-25.0	-13.5%	-25.5	-13.7%	197.9		197.5		175.0	16.0%	-22.5	-11.4%	-22.9	-11.6%
Domestic Building Construction	142.1		150.0		150.0	7.0%	0.0	0.0%	7.9	5.6%	144.4		153.5		150.0	7.0%	-3.5	-2.3%	5.6	3.9%
Overseas	117.2		120.0		115.0	-1.3%	-5.0	-4.2%	-2.2	-1.9%	121.9		131.5		125.0	-0.4%	-6.5	-4.9%	3.1	2.5%
Construction Total	444.8		455.0		425.0	8.2%	-30.0	-6.6%	-19.8	-4.5%	464.2		482.5		450.0	8.4%	-32.5	-6.7%	-14.2	-3.1%
Net Sales	445.1		456.0		426.5		-29.5	-6.5%	-18.6	-4.2%	471.1		491.0		460.0		-31.0	-6.3%	-11.1	-2.3%
Domestic Civil Engineering	30.5	16.5%	28.5	15.4%	26.0	16.3%	-2.5	-8.8%	-4.5	-14.8%	32.7	16.5%	30.2	15.3%	28.0	16.0%	-2.2	-7.3%	-4.7	-14.4%
Domestic Building Construction	10.2	7.2%	11.0	7.3%	10.5	7.0%	-0.5	-4.5%	0.3	2.8%	10.6	7.4%	11.5	7.5%	10.5	7.0%	-1.0	-8.7%	-0.1	-1.3%
Overseas	3.9	3.3%	4.8	4.0%	-1.5	-1.3%	-6.3	-131.3%	-5.4	-138.3%	5.1	4.1%	6.0	4.6%	-0.5	-0.4%	-6.5	-108.3%	-5.6	-109.9%
Gross Profit on Construction	44.6	10.0%	44.3	9.7%	35.0	8.2%	-9.3	-21.0%	-9.6	-21.6%	48.4	10.4%	47.7	9.9%	38.0	8.4%	-9.7	-20.3%	-10.4	-21.5%
Total Gross Profit	44.8	10.1%	44.8	9.8%	35.5	8.3%	-9.3	-20.8%	-9.3	-20.7%	50.0	10.6%	49.8	10.1%	40.0	8.7%	-9.8	-19.7%	-10.0	-20.1%
SG & A	17.8	4.0%	18.8	4.1%	20.0	4.7%	1.2		2.2		19.6	4.2%	20.8	4.2%	22.0	4.8%	1.2		2.4	
Domestic Civil Engineering	20.8	11.2%	18.0	9.7%	15.0	9.4%	-3.0	-16.7%	-5.8	-27.9%	22.5	11.4%	19.0	9.6%	17.0	9.7%	-2.0	-10.5%	-5.5	-24.4%
Domestic Building Construction	3.8	2.7%	4.5	3.0%	3.5	2.3%	-1.0	-22.2%	-0.3	-7.8%	4.0	2.8%	4.8	3.1%	3.0	2.0%	-1.8	-37.5%	-1.0	-25.8%
Overseas	2.3	2.0%	3.0	2.5%	-3.5	-3.0%	-6.5	-216.7%	-5.8	-252.0%	2.9	2.3%	3.7	2.8%	-3.0	-2.4%	-6.7	-181.1%	-5.9	-204.9%
Operating Profit	27.0	6.1%	26.0	5.7%	15.5	3.6%	-10.5	-40.4%	-11.5	-42.6%	30.5	6.5%	29.0	5.9%	18.0	3.9%	-11.0	-37.9%	-12.5	-40.9%
Non-Operating Income or Expenses	0.3		-0.5		-1.0		-0.5		-1.3		0.1		-0.5		-1.0		-0.5		-1.1	
Ordinary Income	27.3	6.1%	25.5	5.6%	14.5	3.4%	-11.0	-43.1%	-12.8	-46.8%	30.5	6.5%	28.5	5.8%	17.0	3.7%	-11.5	-40.4%	-13.5	-44.3%
Extraordinary Income or Losses	-0.4		0.0		0.0		0.0		0.4		-0.4		0.0		0.0		0.0		0.4	
Income before Taxes	26.9	6.0%	25.5	5.6%	14.5	3.4%	-11.0	-43.1%	-12.4	-46.1%	30.2	6.4%	28.5	5.8%	17.0	3.7%	-11.5	-40.4%	-13.2	-43.6%
Net Income	18.7	4.2%	18.0	3.9%	10.0	2.3%	-8.0	-44.4%	-8.7	-46.5%	21.0	4.5%	20.0	4.1%	11.5	2.5%	-8.5	-42.5%	-9.5	-45.2%
Total Assets	446.5		440.0		420.0						452.2		460.0		430.0					
Net Assets	140.0	31.4%	149.6	34.0%	140.8	33.5%					158.4	36.4%	170.4	37.0%	161.9	37.6%				
Interest-bearing Debt	77.0	17.2%	77.0	17.5%	77.0	18.3%					82.2	18.2%	83.0	18.0%	83.0	19.3%				
Cash and Deposits	55.6		48.0		48.0						59.8		52.0		52.0					
Net Interest-bearing Debt	21.4	4.8%	29.0	6.6%	29.0	6.9%					22.4	5.0%	31.0	6.7%	31.0	7.2%				
Net D/E Ratio (Point)	0.2		0.2		0.2						0.1		0.2		0.2					
Return On Equity (ROE)	14.0%		12.4%		7.1%						14.0%		12.2%		7.2%					



Mr.PENTA

【Disclaimer】

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