

Financial Results for 3Q of FY3/25 & Revised Business Forecasts for FY3/25

Feb. 2025



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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 3Q of FY3/25 & Forecasts for FY3/25 (Non-Consolidated)

- Domestic Civil Engineering : A decrease YoY (due to the impact of large-scale orders received in the previous term in both public and private sectors)
- Domestic Building Construction : A slight decrease YoY (received multiple orders for large-scale projects including a data center, residential buildings and office buildings)
- Overseas : An increase YoY (received the Addition and Alteration Works to Air Traffic Control Centre in Singapore)

(JPY bn)

		3rd Quarter				Entire term			
		FY3/24 3Q ①	FY3/25 3Q ②	Change fm FY3/24 3Q ②-①	YoY	FY3/24	FY3/25 F (May 2024)	FY3/25 F (Feb 2025) ③	Achievement ratio ②/③
Domestic Civil Engineering	Public Sector	131.1	78.7	-52.3	-39.9%	193.4	175.0	175.0	45.0%
	Private Sector	50.2	28.4	-21.8	-43.5%	80.2	45.0	45.0	63.1%
	Total	181.3	107.1	-74.1	-40.9%	273.6	220.0	220.0	48.7%
Domestic Building Construction	Public Sector	74.8	4.3	-70.5	-94.3%	80.0	20.0	50.0	8.6%
	Private Sector	97.6	166.7	69.1	70.8%	170.5	230.0	230.0	72.5%
	Total	172.4	171.0	-1.4	-0.8%	250.6	250.0	280.0	61.1%
Overseas	Civil Engineering	9.1	17.2	8.0	88.4%	14.4	120.0	75.0	22.9%
	Building Construction	24.9	41.7	16.8	67.6%	53.6	30.0	45.0	92.6%
	Total	34.0	58.8	24.9	73.2%	68.0	150.0	120.0	49.0%
Construction Total	Civil Engineering	190.4	124.3	-66.1	-34.7%	288.0	340.0	295.0	42.1%
	Building Construction	197.2	212.7	15.5	7.8%	304.2	280.0	325.0	65.4%
		387.6	337.0	-50.6	-13.1%	592.2	620.0	620.0	54.3%
Others		0.2	0.2	0.0	-2.3%	0.5	0.5	0.5	44.9%
Total		387.8	337.2	-50.7	-13.1%	592.7	620.5	620.5	54.3%

■ Business Results for 3Q of FY3/25

Despite a significant increase in sales, additional construction losses in overseas projects led to a decline in profits
– Significant increase in both sales and profits for domestic projects (substantial profit growth especially in domestic building construction)

■ Non-consolidated

- Net sales: JPY 475.4 bn (Up JPY 78.3 bn, or up 19.7% YoY)
 - Domestic Civil Engineering: Significant increase thanks to steady progress of large-scale projects
 - Domestic Building Construction: Significant increase thanks to steady progress of large-scale projects
 - Overseas: Increase thanks to progress of large-scale projects
- Total Gross Profit: JPY 30.0 bn (Down JPY 4.0 bn, or down 11.8% YoY)
 - Domestic Civil Engineering: Increased thanks to sizable growth in construction revenue
 - * the profit margins for projects other than offshore wind projects remained unchanged YoY at approx. 16%
 - Domestic Building Construction: Increased significantly thanks to sizable growth in construction revenue and improvement in profit margins
 - Overseas: Improvement in profit margins in multiple marine construction projects (approx. JPY 6.0 bn)
 Posted additional construction losses in Singapore and Hong Kong (JPY 16.0 bn)
 - * details are shown in the revision of earnings forecasts on the next page
- SG&A Expenses: JPY 17.6 bn (Up JPY 1.5 bn, or up 9.4% YoY)
- Operating Profit: JPY 12.4 bn (Down JPY 5.5 bn, or down 30.8% YoY)
 - * Foreign exchange gain (up JPY 1.6 bn), decrease in dividend income (down JPY 0.6 bn), increase in interest expense (up JPY 0.3 bn)
- Ordinary Income: JPY 13.2 bn (Down JPY 4.7 bn, or down 26.4% YoY)
- Net Income: JPY 8.0 bn (Down JPY 3.6 bn, or down 31.3% YoY)
 - * Gain on sales of strategically held stocks JPY 1.3 bn, loss on devaluation of overseas subsidiary's stock JPY -2.1 bn

■ Consolidated

- Net Sales: JPY 516.0 bn (Up JPY 80.2 bn, or up 18.4% YoY)
- Total Gross Profit: JPY 34.1 bn (Down JPY 4.4 bn, or down 11.5% YoY)
- Operating Profit: JPY 14.8 bn (Down JPY 6.0 bn, or down 28.7% YoY)
- Ordinary Income: JPY 14.2 bn (Down JPY 4.4 bn, or down 23.8% YoY)
- Net Income: JPY 9.1 bn (Down JPY 3.8 bn, or down 29.2% YoY)

	Non-Consolidated						(JPY bn)					
	3rd Quarter						Consolidated					
	FY3/24 3Q		FY3/25 3Q		Change from FY3/24 3Q		FY3/24 3Q		FY3/25 3Q		Change from FY3/24 3Q	
Domestic Civil	174.5		206.4		31.9		187.4		223.1		35.7	
Domestic Building	130.7		172.3		41.6		133.1		175.6		42.5	
Overseas	91.8		96.5		4.8		103.4		106.9		3.5	
Others	0.2		0.2		-0.0		11.8		10.4		-1.4	
Net Sales	397.2		475.4		78.3		435.8		516.0		80.2	
Domestic Civil	27.2	15.6%	29.2	14.1%	2.0	-1.4p	29.1	15.5%	32.8	14.7%	3.7	-0.8p
Domestic Building	8.0	6.1%	12.2	7.1%	4.2	0.9p	8.4	6.3%	12.7	7.2%	4.3	0.9p
Overseas	-1.2	-1.3%	-11.4	-11.8%	-10.2	-10.5p	-0.1	-0.1%	-12.1	-11.4%	-12.1	-11.3p
Others	0.1	47.4%	0.1	52.6%	0.0	5.1p	1.2	10.1%	0.8	7.9%	-0.4	-2.2p
Total Gross Profit	34.1	8.6%	30.0	6.3%	-4.0	-2.3p	38.6	8.8%	34.1	6.6%	-4.4	-2.2p
SG & A	16.1	4.1%	17.6	3.7%	1.5	-0.3p	17.8	4.1%	19.4	3.8%	1.5	-0.3p
Domestic Civil	18.3	10.5%	19.2	9.3%	0.9	-1.2p	19.8	10.5%	22.3	10.0%	2.5	-0.6p
Domestic Building	2.2	1.7%	6.2	3.6%	3.9	1.9p	2.4	1.8%	6.5	3.7%	4.1	1.9p
Overseas	-2.6	-2.8%	-13.0	-13.5%	-10.4	-10.7p	-2.1	-2.0%	-14.3	-13.4%	-12.2	-11.4p
Others	0.1	40.1%	0.1	45.2%	0.0	5.1p	0.7	5.7%	0.3	2.8%	-0.4	-2.9p
Operating Profit	18.0	4.5%	12.4	2.6%	-5.5	-1.9p	20.7	4.8%	14.8	2.9%	-6.0	-1.9p
Non-Operating Income or Expenses	-0.0		0.8		0.8		-2.1		-0.6		1.5	
Ordinary Income	17.9	4.5%	13.2	2.8%	-4.7	-1.7p	18.6	4.3%	14.2	2.8%	-4.4	-1.5p
Extraordinary Income or Expenses	-1.2		-0.8		0.4		-0.1		0.6		0.7	
Income before Taxes	16.7	4.2%	12.3	2.6%	-4.3	-1.6p	18.6	4.3%	14.8	2.9%	-3.7	-1.4p
Net Income	11.6	2.9%	8.0	1.7%	-3.6	-1.2p	12.9	3.0%	9.1	1.8%	-3.8	-1.2p

	FY3/24		FY3/25 3Q		Change from FY3/24		FY3/24		FY3/25 3Q		Change from FY3/24	
Total Assets	527.8		659.9		132.1		566.0		701.9		135.8	
Net Assets	146.4	27.7%	140.6	21.3%	-5.8	-6.4p	173.1	30.6%	169.5	24.1%	-3.6	-6.4p
Interest-bearing Debt	99.2	18.8%	220.9	33.5%	121.7	14.7p	110.3	19.5%	232.0	33.1%	121.7	13.6p
Cash and Deposits	54.7		41.6		-13.0		60.1		51.4		-8.7	
Net Debt	44.6	8.4%	179.2	27.2%	134.7	18.7p	50.2	8.9%	180.6	25.7%	130.5	16.9p

■ Revised Business Forecasts for FY3/25

■ Forecasts for FY 3/25 (Consolidated)

- Downward revision of full-year consolidated earnings forecasts due to recording additional construction losses in overseas projects
Substantial completion/completion of loss-making projects will contribute to business performance recovery of the International Business Unit after FY 3/26

● **Net sales : JPY 694.0 bn (Up JPY 39.0 bn from May 2024 forecasts)**
* record-high figure

- Domestic Civil Engineering: JPY 285.0 bn (Up JPY 20.0 bn)
- Domestic Building Construction: JPY 250.0 bn (Up JPY 25.0 bn)
- Overseas: JPY 145.0 bn (Down JPY 10.0 bn)

● **Gross Profit : JPY 47.0 bn (Down JPY 10.6 bn from May 2024 forecasts)**

- Domestic Civil Engineering: JPY 40.5 bn (Up JPY 2.5 bn)
- Domestic Building Construction: JPY 17.5 bn (Up JPY 2.0 bn)
- Increase in both sales and profits thanks to progress of large-scale projects in the above two sectors.
- Overseas: JPY -12.0 bn (Down JPY 14.6 bn)

(1) Improvement in profit margins in multiple marine construction projects:
Approx. JPY 6.0 bn

(2) Posted additional construction losses: **Approx. JPY 16.0 bn**

1. Polder project in Singapore (substantial completion), approx. JPY 12.0 bn

(a total of approx. JPY 24 bn: JPY 6.0 bn for FY 3/22, JPY 5.0 bn for FY 3/23 and JPY 1.0 for FY 3/24)

- * The first polder project in Singapore/ project on an island
- * Additional requirement for reclamation soil due to non-conformity in ground conditions and increases in expenses to make up for the construction delay led to further losses

2. Civil engineering Project in Hong Kong (scheduled completion), approx. JPY 4.0 bn

(a total of approx. JPY 8.0 bn: JPY 3.0 bn for FY 3/23 and JPY 1.0 for FY 3/24)

- * Project involving road works including a bridge and underpass + construction of park facilities including a pedestrian walkway and observation deck, etc.
- * Despite benefits of a design-build project, request for higher-spec functions of park facilities beyond original designs and increase in expenses to expedite construction led to further losses

3. Loss disposition of UG M&E, an M&E subsidiary

- * Gross loss on sales : **approx. JPY -1.3 bn**, *Special loss: Goodwill impairment **approx. JPY -0.6 bn**

● **Operating Profit : JPY 21.0 bn (Down JPY 11.5 bn)**

● **Ordinary Income : JPY 18.0 bn (Down JPY 12.0 bn)**

● **Net Income : JPY 12.0 bn (Down JPY 8.0 bn)**

[Consolidated]

	FY3/25F			FY3/26F		
	FY3/25F (May 2024)	FY3/25F (Feb 2025)	Change From FY3/25F (May 2024)	FY3/26F (May 2023)	Outlook (Feb 2025)	Change From FY3/26F (May 2023)
Net Sales	655.0	694.0	39.0	660.0	719.0	59.0
Domestic Civil Engineering	265.0	285.0	20.0	265.0	275.0	10.0
Domestic Building Construction	225.0	250.0	25.0	215.0	260.0	45.0
Overseas	155.0	145.0	-10.0	170.0	170.0	0.0
Others	10.0	14.0	4.0	10.0	14.0	4.0
Total Gross Profit	57.6	47.0	-10.6	63.5	66.0	2.5
Domestic Civil Engineering	38.0	40.5	2.5	44.0	40.5	-3.5
Domestic Building Construction	15.5	17.5	2.0	13.0	19.0	6.0
Overseas	2.6	-12.0	-14.6	5.0	5.0	0.0
Others	1.5	1.0	-0.5	1.5	1.5	0.0
SG&A	25.1	26.0	0.9	25.0	27.0	2.0
Operating Profit	32.5	21.0	-11.5	38.5	39.0	0.5
Domestic Civil Engineering	24.4	27.0	2.6	30.7	26.0	-4.7
Domestic Building Construction	7.3	9.0	1.7	4.8	10.0	5.2
Overseas	0.0	-15.5	-15.5	2.2	2.0	-0.2
Others	0.8	0.5	-0.3	0.8	1.0	0.2
Ordinary Income	30.0	18.0	-12.0	36.5	36.5	0.0
Net Income	20.0	12.0	-8.0	25.0	25.0	0.0

※Business forecasts for FY 3/26 will be announced in May 2025

(Reference) Outlook for FY 3/26 (Consolidated)

- Net sales is expected to surpass the JPY 700.0 bn mark for the first time, renewing the record high (meeting the target announced in the Medium-term Management Plan)
Net sales JPY 719.0 bn, Operating Profit JPY 39.0 bn, Net Income JPY 25.0 bn

■ **Shareholder returns – In line with the May 2024 forecasts despite downward earnings revisions**

- Ordinary dividend: JPY 12 for term-end dividend, JPY 24 for full year (dividend payout ratio 56.5%)
- Share buybacks Payout ratio 10% or higher
⇒ total payout ratio 66.5% or higher

■ Table of Revised Business Forecasts for FY3/25

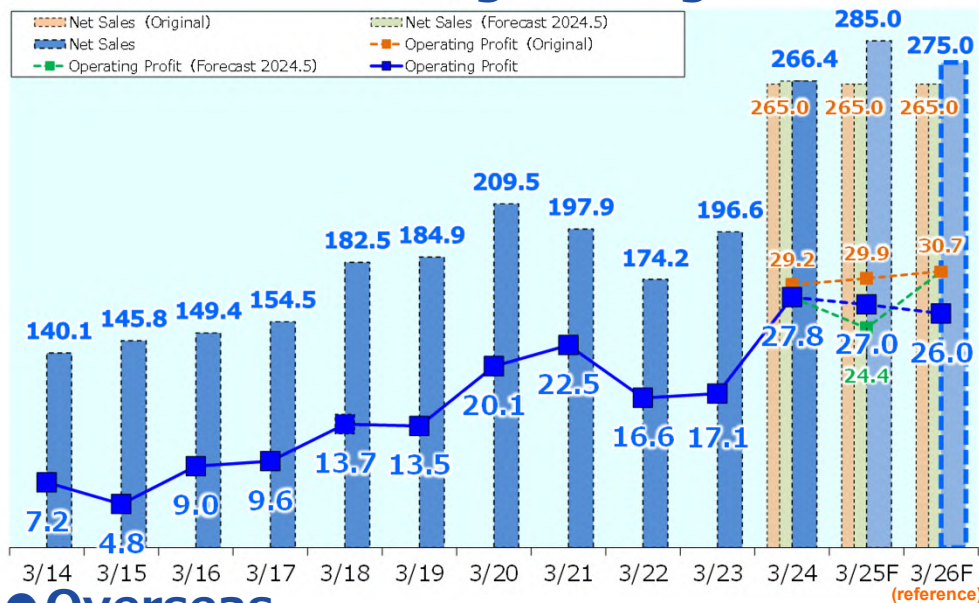
(JPY bn)

	Non-Consolidated										Consolidated									
	FY3/24		FY3/25F (May 2024)		FY3/25F (Feb 2025)		Change from FY3/25F (May 2024)		Change from FY3/24		FY3/24		FY3/25F (May 2024)		FY3/25F (Feb 2025)		Change from FY3/25F (May 2024)		Change from FY3/24	
Domestic Civil Engineering	273.6		220.0		220.0		0.0		-53.6											
Domestic Building Construction	250.6		250.0		280.0		30.0		29.4											
Overseas	68.0		150.0		120.0		-30.0		52.0											
Construction Total Orders Received	592.2		620.0		620.0		0.0		27.8											
Domestic Civil Engineering	244.0		250.0		265.0		15.0	6.0%	21.0	8.6%	266.4		265.0		285.0		20.0	7.5%	18.6	7.0%
Domestic Building Construction	186.1		220.0		245.0		25.0	11.4%	58.9	31.7%	189.3		225.0		250.0		25.0	11.1%	60.7	32.1%
Overseas	135.3		140.0		130.0		-10.0	-7.1%	-5.3	-3.9%	150.6		155.0		145.0		-10.0	-6.5%	-5.6	-3.7%
Others	0.5		0.5		0.5		0.0	0.0%	0.0	4.5%	11.4		10.0		14.0		4.0	40.0%	2.6	23.3%
Net Sales	565.9		610.5		640.5		30.0	4.9%	74.6	13.2%	617.7		655.0		694.0		39.0	6.0%	76.3	12.4%
Domestic Civil Engineering	36.8	15.1%	36.0	14.4%	37.0	14.0%	1.0	2.8%	0.2	0.6%	40.6	15.2%	38.0	14.3%	40.5	14.2%	2.5	6.6%	-0.1	-0.3%
Domestic Building Construction	12.3	6.6%	15.0	6.8%	16.5	6.7%	1.5	10.0%	4.2	34.0%	12.8	6.7%	15.5	6.9%	17.5	7.0%	2.0	12.9%	4.7	37.2%
Overseas	-1.1	-0.8%	1.0	0.7%	-11.5	-8.8%	-12.5	-	-10.4	-	-1.3	-0.9%	2.6	1.7%	-12.0	-8.3%	-14.6	-	-10.7	-
Others	0.2	45.9%	0.0	0.0%	0.0	0.0%	0.0	-	-0.2	-100.0%	1.3	11.4%	1.5	15.0%	1.0	7.1%	-0.5	-33.3%	-0.3	-22.6%
Total Gross Profit	48.2	8.5%	52.0	8.5%	42.0	6.6%	-10.0	-19.2%	-6.2	-12.8%	53.3	8.6%	57.6	8.8%	47.0	6.8%	-10.6	-18.4%	-6.3	-11.9%
SG & A	21.8	3.9%	23.0	3.8%	23.5	3.7%	0.5	2.2%	1.7	7.7%	24.2	3.9%	25.1	3.8%	26.0	3.7%	0.9	3.6%	1.8	7.5%
Domestic Civil Engineering	24.6	10.1%	23.0	9.2%	24.0	9.1%	1.0	4.3%	-0.6	-2.5%	27.8	10.4%	24.4	9.2%	27.0	9.5%	2.6	10.7%	-0.8	-2.9%
Domestic Building Construction	4.6	2.5%	7.0	3.2%	8.5	3.5%	1.5	21.4%	3.9	84.4%	4.9	2.6%	7.3	3.2%	9.0	3.6%	1.7	23.3%	4.1	85.3%
Overseas	-3.1	-2.3%	-1.0	-0.7%	-14.0	-10.8%	-13.0	-	-10.9	-	-4.2	-2.8%	0.0	0.0%	-15.5	-10.7%	-15.5	-	-11.3	-
Others	0.2	41.3%	0.0	0.0%	0.0	0.0%	0.0	-	-0.2	-100.0%	0.6	5.6%	0.8	8.0%	0.5	3.6%	-0.3	-37.5%	-0.1	-21.3%
Operating Profit	26.3	4.7%	29.0	4.8%	18.5	2.9%	-10.5	-36.2%	-7.8	-29.8%	29.2	4.7%	32.5	5.0%	21.0	3.0%	-11.5	-35.4%	-8.2	-28.0%
Non-Operating Income or Expenses	1.6		-2.5		-1.0		1.5	-	-2.6	-	-1.9		-2.5		-3.0		-0.5	-	-1.1	-
Ordinary Income	27.9	4.9%	26.5	4.3%	17.5	2.7%	-9.0	-34.0%	-10.4	-37.3%	27.2	4.4%	30.0	4.6%	18.0	2.6%	-12.0	-40.0%	-9.2	-33.9%
Extraordinary Income or Losses	-2.9		-0.5		-1.0		-0.5	-	1.9	-	0.2		-1.0		0.5		1.5	-	0.3	-
Income before Taxes	25.0	4.4%	26.0	4.3%	16.5	2.6%	-9.5	-36.5%	-8.5	-33.9%	27.4	4.4%	29.0	4.4%	18.5	2.7%	-10.5	-36.2%	-8.9	-32.5%
Net Income	16.8	3.0%	18.0	2.9%	11.0	1.7%	-7.0	-38.9%	-5.8	-34.4%	17.9	2.9%	20.0	3.1%	12.0	1.7%	-8.0	-40.0%	-5.9	-32.9%
Earning per share (yen)	58.8		63.5		39.0		-24.6		-19.9		62.7		70.6		42.5		-28.1		-20.2	
Total Assets	527.8		580.0		620.0						566.0		620.0		660.0					
Net Assets	146.4	27.7%	155.5	26.8%	143.6	23.2%					173.1	30.6%	184.2	29.7%	172.3	26.1%				
Interest-bearing Debt	99.2	18.8%	109.5	18.9%	137.5	22.2%					110.3	19.5%	127.0	20.5%	155.0	23.5%				
Cash and Deposits	54.7		51.0		51.0						60.1		53.0		53.0					
Net Interest-bearing Debt	44.6	8.4%	58.5	10.1%	86.5	14.0%					50.2	8.9%	74.0	11.9%	102.0	15.5%				
Net D/E Ratio (Point)	0.3		0.4		0.6						0.3		0.4		0.6					
Return On Equity (ROE)	11.9%		11.9%		7.6%						10.8%		11.2%		7.0%					

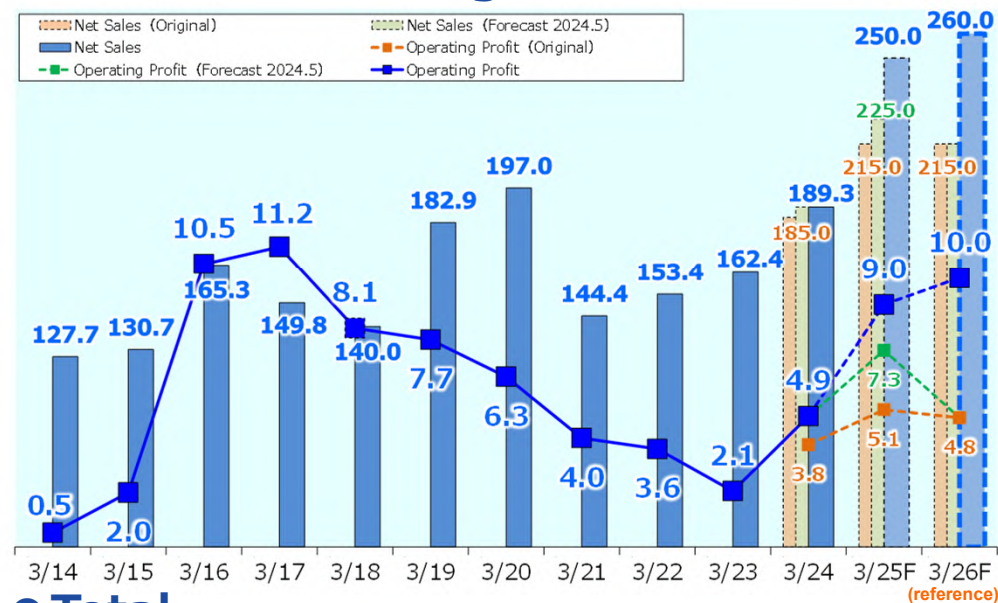
Trends of Sales & Operating Profit by Business units

(Consolidated)

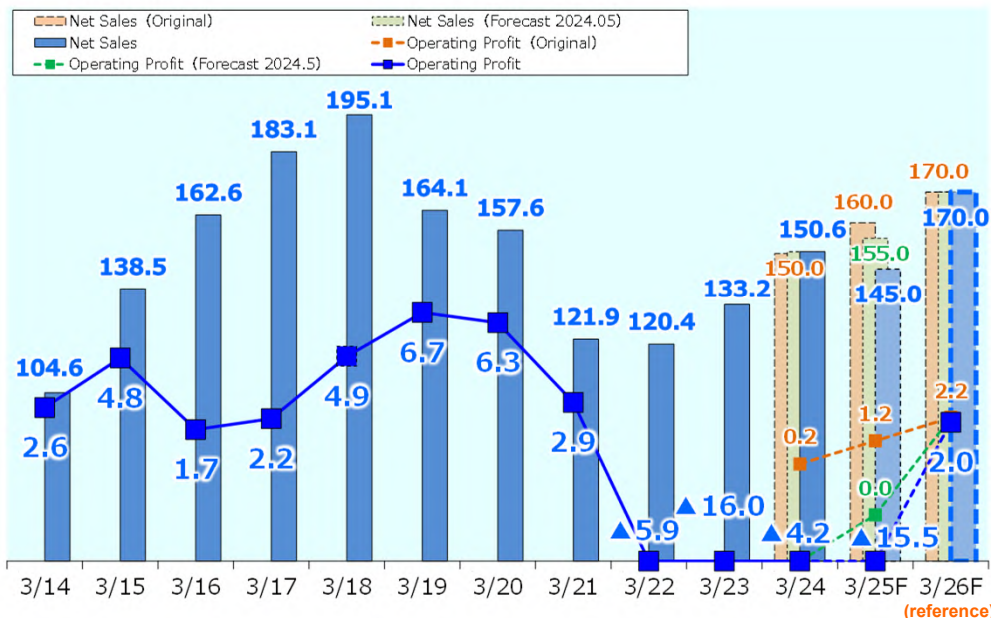
Domestic Civil Engineering



Domestic Building Construction

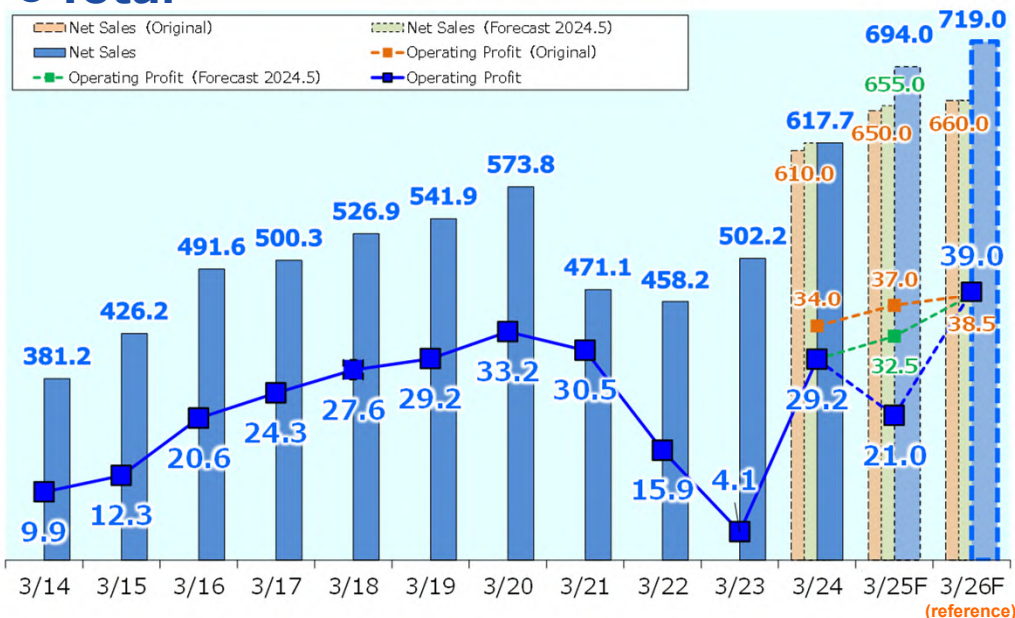


Overseas



Original : Announced in May 2023

Total



※Outlook figures for FY 3/26 are for reference purposes only