

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

Now, we have established our "Medium-Term Management Plan (FY3/18 - FY3/20)" for the three years from FY3/18 (the beginning year). We will make the effort to achieve the goals in this plan.

Prospects toward FY3/22 – our 125th anniversary
Global No.1 contractor in port, coastal and waterfront areas
(A corporate group that constantly achieves net sales exceeding ¥500 billion)

Basic Policy

To achieve steady business expansion as a unique general contractor with distinctive features in port, coastal and waterfront areas and overseas

Basic Strategies

1

Enhancement of marketing, site capabilities and technology **~ "Mastering the contracting business"**

- Reinforcing site capabilities and cost competitiveness as well as marketing endorsed by technology
- Development of proprietary core technologies, human resources
+ Enhancing collaboration with outside technologies/human resources
- Global development of Penta-Ocean Standards of Safety and Quality
- Future-oriented business development : Offshore wind farms, recycling of construction generated soil and dredged soil, etc.

2

Productivity improvement by rationalization of construction production systems **~ Measures against the nation's shrinking and aging work force**

- Development and active introduction to construction sites ⇒ leading to better safety control
- Labor-saving, automation and robotization, construction monitoring using ICT/ AI, BIM/CIM
- Organization-wide collaboration across units (Domestic vs. Overseas, Civil Engineering vs. Building Construction)

3

Securing and nurturing future work force, Work Style Reform promotion **~ Realized by productivity enhancement**

- Introduction of two days off per week (eight days off per four weeks), initiatives to avoid overwork
- Securing and nurturing diverse human resources : Improvement of working environment and conditions, encouraging female employees
- Promotion of globalization : Introduction of the global human resources evaluation system, discovering and nurturing core human resources
- Securing and nurturing skilled technicians : Reinforcing relationship with subcontractors, work style reform at construction sites

4

Initiatives for CSR based management **~ Stakeholder-oriented management (society, customers, shareholders and employees)**

- Continuous efforts to improve corporate governance and risk management
- Ensuring full compliance including corporate and engineering ethics, building a corporate culture of openness and trust

Target Earnings under Medium-Term Management Plan

Medium-Term Management Plan

(Billions of yen)

	FY 3/19 (Result)		FY 3/20 (Plan)	
	Consolidated	Non-consolidated	Consolidated	Non-consolidated
Construction Orders Received	—	500.4	—	500.0
Net Sales	541.9	512.2	580.0	550.5
Gross Profit	46.7	42.0	48.9	44.4
Operating Income	29.2	25.9	30.5	27.5
Ordinary Income	26.6	23.4	29.5	26.5
Net Income	18.9	16.7	19.5	17.5
Earnings Per Share (¥)	¥66.2	¥58.5	¥68.3	¥61.3

Earnings Targets

Consolidated Financial Targets

Equity Ratio	33.0%	34%
Interest-Bearing Debt	59.5	60.0 or less
Net D/E Ratio	0.2 times	about 0.1 times
ROE	15.8%	15%
Payout Ratio	28.7%	29%

Major Operating Trends/Projection (Consolidated)

