

FY2019 First Half Analyst and Investor Briefing Summary of Q&A Session

November 13, 2019

Q

What is the current situation and outlook for the new sales trend and the competitive environment for the domestic building construction business?

A

- The Company was able to secure new sales roughly as planned in FY2019 First Half.
- Because many large-scale projects are planned not only in the Tokyo metropolitan area but also in rural areas even after the Tokyo 2020 Olympic and Paralympic Games, we foresee stable demand for building construction works ahead.
- On the other hand, we expect fierce competition for winning some large-scale projects as well.

Q

What is the outlook for the profit level of the domestic building construction business and civil engineering business for the coming fiscal year and beyond?

A

- On the building construction business, revenue in FY2020 may decline temporarily due to less progress on large-scale projects.
- Pursuantly, the Company strives to secure new sales that will contribute to revenue and profits in FY2020.
- The civil engineering business will be steady for the coming fiscal year and beyond to maintain equivalent profit level as FY2019.

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What is the reason for downward revision to the full-year forecast for overseas subsidiaries and affiliates segment, and what is the Company's plan to cope with?

A

- This is due to the losses of some specific construction projects that are completed and delivered in FY2019 and the advanced recording of expenses for a particular real estate project, both of which will have no adverse effect on FY2020 performance.
- The Company has intensified the HQ's involvement in risk management process from a very early stage of each individual construction bidding in corporation with overseas subsidiaries.

Q

What is the progress of real estate investment projected in the Medium-Term Business Plan?

A

- In FY2018, the first year of the Medium-Term Business Plan, real estate investment did not grow both in Japan and overseas due to contract timing issues.
- As of now, the Company is making good progress in new investment as well as recoupment of investment thanks to acquisition of large-scale properties in Japan during FY2019.
- The Company will continue to invest with an emphasis on profitability.

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What are the progress and achievement in efforts to improve productivity?

A

- Regarding the building construction business, the Company has formulated the “Kajima Smart Future Vision” and is promoting productivity improvements.
- At the construction site of “Nagoya Fushimi K Square Building” where the Company intensively applied and verified various technologies and systems currently under development, the total working hours were reduced by about 20% compared to the construction of a new office building of the same scale.
- With further verification and improvement, the Company plans to expand such technologies and systems to multiple pilot sites.
- Regarding the civil engineering business, the Company has accelerated automation of repetitive work.
- In FY2020, the company plans to fully apply automated heavy machinery at the construction site of “Naruse Dam”.
- Based on the verification results there, the Company aims to expand automated construction technologies to tunnel and shield construction sites.

Q

Is there any change in the Company’s approach to stockholder returns?

A

- The Company has no plan to change its policy on stockholder returns as long as it can achieve the current full-year forecast.
- The Company intends to continue to acquire its own shares if conditions are met including the earnings forecasts for FY2020 and beyond.

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What is the Company's approach to possession of SEP(Self-Elevating Platform) vessels as well as to the participation in the offshore wind power generation business as a contractor?

A

•Although potential market size of the business is big, the Company is considering this issue cautiously due to a lot of room for technological investigation.

Q

Did the Company respond to the disastrous Typhoon No.19 and what is the impact on future public investment resulting from such large natural disasters?

A

•The Company took emergency measures such as the urgent restoration of the Chikuma River levee that were requested by the Ministry of Land, Infrastructure, Transport and Tourism via the Japan Federation of Construction Contractors.
•Regarding public investment, the Company assumes that construction works for developing national resilience in Japan will be put forward such as raising of embankments and dams which are already planned.