KAJIMA CORPORATION

FY2021 1st Quarter Analyst and Investor Briefing (Tele-Conference) Summary of Q&A Session

August 6, 2021

Q What is the profit margin trend for new contracts in the domestic construction business?

A Demand in the civil engineering business has been strong, and there were no major changes in profitability of new contracts. Although profit margin of new contracts in the building construction business has been on a downward trend since the latter half of the previous year, the profit margin on new contracts in the first quarter remained even with that of the previous full year, and the environment remains competitive.

Q What are the trends in new contracts for the domestic building construction business?

A In the manufacturing sector, we have been receiving construction orders for pharmaceutical and semiconductor manufacturing facilities, while in the non-manufacturing sector, we have been receiving construction orders for power plants and large office buildings.

Q What was the reason for the year-on-year decline in the profit margin of the first quarter in the civil engineering business?

A The main reason is that there were few projects whose profitability improved. However, neither were there construction projects whose profitability deteriorated significantly. The profit margin is expected to improve as the number of projects scheduled for completion increases toward the end of the current fiscal year.

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Q What is the profit margin outlook for the domestic building construction business?

A Since there are few projects scheduled for completion this fiscal year, the forecast from the beginning of the period remains unchanged; the profit margin is expected to be lower than in the previous fiscal year. The profit margin for the first quarter matches the full-year forecast, and we believe that performance is on track.

Q What is the outlook with respect to the full-year forecast for overseas subsidiaries and affiliates?

A Since the industrial warehouse development business in North America is performing well, profits for overseas subsidiaries and affiliates have already exceeded the full-year forecast figures for each stage. However, we still need to pay close attention to the situation in Southeast Asia, where COVID-19 is worsening again. Therefore, we have not revised our full-year forecast.

Q Did first-quarter sales of industrial warehouse in North America perform as planned in the beginning of the fiscal year?

A We sold seven warehouses in North America in the first quarter, which we had planned to sell this fiscal year. There are plans to sell more in the second and subsequent quarters, but not as many as we sold in the first quarter.

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Q

Is the industrial warehouse development business in North America expected to perform at the same level in the next fiscal year and beyond?

A

We cannot provide a specific schedule for industrial warehouse sales, but there are 32 projects under development and operation, and we plan to continue the cycle of investment, sale, and reinvestment.

Q

What is the performance trend and outlook for domestic subsidiaries and affiliates?

A

Our domestic subsidiaries operating hotel business are in a difficult situation, but the performance of domestic construction companies is on track. Although we must pay close attention to rising raw material prices since Kajima Road sells asphalt mixture, we believe we can achieve the full-year overall forecast of domestic subsidiaries and affiliates.

Q

What is the policy on share buybacks? Will additional buybacks occur this fiscal year?

A

We have conducted share buybacks for three consecutive years. To enhance shareholder returns, we would like to continue carrying out buybacks as much as possible while taking business performance, financial conditions, and business environment into consideration. We cannot answer whether we will conduct additional share buybacks or not at this time, since we have to ascertain our business performance going forward.