

FY2021 Results Analyst and Investor Briefing (Tele-Conference)

Summary of Q&A Session

May 13, 2022

Q

What are your thoughts on the fiscal 2022 contract awards forecast for the non-consolidated building construction business and the current competitive environment?

A

Private capital investment is on track to recovery, and there are several secured and highly probable projects that were carried forward from fiscal 2021, so we forecast contract awards for the non-consolidated building construction business to reach 1 trillion yen in fiscal 2022. The competitive environment remains challenging, especially for large-scale projects, but we will carefully monitor price trends for materials and maintain and improve the profitability of new contracts.

Q

What is your view on the fiscal 2022 gross profit margin forecast for the non-consolidated building construction business?

A

We expect the gross profit margin of the non-consolidated building construction business to decline by about 2 points compared with fiscal 2021. This is because we have factored in the impact of soaring prices for materials and equipment as risks and will record revenues for construction projects already underway which we received orders for at a time when profit margins were lower. Moving forward, we will try to obtain additional amended contracts and raise productivity to improve the gross profit margin.

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Q What is the outlook for the US distribution warehouse development business considering rising construction costs and interest rates and other changes in the business environment?

A At this time, rising construction costs and interest rates have been offset by rising rents caused by the booming e-commerce market. Moreover, investor demand in trading markets is vigorous, and the distribution warehouse development business in the US will remain strong in fiscal 2022, in our view.

Q Kajima Corporation has preferred contractor status in the three offshore wind firm projects. When do you expect to record the orders for the projects and what SEP vessels do you expect to use?

A We expect to begin preparatory construction around 2025, so the orders will be recorded in fiscal 2023 or later. As for the SEP vessels to be used, the vessels most suitable for the work will be determined as we review future detailed designs and construction plans. Furthermore, we've had several inquiries regarding offshore wind power construction in other ocean areas; we are corresponding in accordance with the conditions of each project.

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Q Why did you choose not to implement share buybacks?

A We decided that we needed a little more time to assess the future business environment, including the current rise in prices and the geopolitical situation overseas. Since our policy is to pursue growth investments, we will make an informed decision that considers all factors, including the utilization of cash and interest-bearing debt.