FY2024 Analyst and Investor Briefing (Web Conference)
Summary of Q&A Session

Date: May 14, 2025

KAJIMA CORPORATION

Q: How will trade policies in various countries impact business performance?

A: At this point, we do not anticipate any significant impact on our fiscal 2025 performance from trade policies. We will continue to monitor changes in the business environment and make timely disclosures if any fluctuations in our performance occur.

Q: How do you plan to increase profits in order to achieve a consolidated net income of 150 billion yen ahead of schedule?

A: The domestic construction business has steadily improved its profit margin and is a stable source of earnings. In overseas business, although achieving the medium-term business plan target of a “three-year average net income of 30 billion yen or more” has become challenging, the returns on our ongoing investments will materialize from fiscal 2025 through the period of the next medium-term business plan. Based on this outlook, we believe we can achieve a net income of 150 billion yen earlier than the fiscal 2030 target set in the medium-term business plan.

Q: What is your basic approach to M&A in the construction industry?

A: We are not considering M&A intended for industry consolidation. In both Japan and abroad, we will explore potential collaborations, including business alliances, in fields that offer synergies or with partners who possess strengths in specific construction areas.

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Q: What factors are contributing to improving the gross profit margin for non-consolidated civil engineering to 17.5%?

A: The main factors are that multiple large-scale projects are reaching their peak construction phase, and several projects to be completed are expected to boost profits. We are still assessing whether we can maintain this level in and beyond fiscal 2026, but we aim to consistently secure gross profit margins exceeding 16% in the future.

Q: What is the outlook for the gross profit margin in non-consolidated building construction?

A: While profit margins are improving, particularly for production facilities, we forecast a gross profit margin of 9.7% for fiscal 2025, considering the impact of rising construction costs and provision for loss on construction projects in progress. With anticipated orders for large-scale projects such as production facilities, and improving profitability on new contracts, we aim to achieve a gross profit margin exceeding 10% by fiscal 2026 through productivity improvements and other initiatives.

Q: The balance of provision for loss on construction projects in progress decreased by approximately 3 billion yen in fiscal 2024. What is the future outlook?

A: In fiscal 2024, we recorded provision for loss on construction projects in progress due to price increases and changes or revisions in construction conditions in some projects. However, in fiscal 2025, revenues from projects with such provisions are expected to decrease compared to fiscal 2024, and the balance of provision for loss on construction projects in progress is also expected to decline significantly. Therefore, we anticipate that the impact on business performance will gradually diminish.

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Q: What factors are contributing to the decrease in profits in the real estate development business at Kajima U.S.A in fiscal 2025? How does the business environment for distribution warehouses look?

A: For the overseas real estate development business, we have established a conservative performance outlook overall, assuming that long-term interest rates will remain high as investors continue to adopt a wait-and-see approach. In the U.S. distribution warehouse development business, new supply in the overall market has decreased, leading to an improved supply-demand balance. As of the end of the first quarter (January–March), multiple sales transactions are underway, and we anticipate that the number of sales will increase in the second half of the fiscal year.

Q: What factors are contributing to the increase in profits in the real estate development business at Kajima Europe in fiscal 2025?

A: We have scheduled several sales of renewable energy facilities and distribution warehouses, including properties carried over from fiscal 2024. We anticipate sales of properties in Europe to contribute to our performance in fiscal 2025.

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Q: The shareholder returns for the three years of the medium-term business plan (FY2024–2026) have been updated to a cumulative total of 230 billion yen. Is it correct to assume that approximately 150 billion yen in returns will be delivered by fiscal 2025, while the remaining 80 billion yen will be seen in fiscal 2026? Is there a possibility of additional share buybacks in fiscal 2025 if profits exceed expectations?

A: That understanding is basically correct. In addition to dividends reflecting a target payout ratio of 40%, we will undertake share buybacks based on the proceeds from the sale of strategic shareholdings. Although we cannot make explicit statements regarding further share buybacks, we aim to improve stockholder returns if profits exceed expectations further.

Q: Is it possible that you will sell all strategic shareholdings in the future?

A: Our policy is to hold strategic shareholdings only when we determine that they contribute to enhancing the Group’s corporate value. We will continue to review the significance of holding these shares and their asset efficiency regularly, and proceed to sell shares whose importance has declined.