

FY2017 First Half Financial Results

November 14, 2017



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FY2017 First Half Results

(April 1 - September 30, 2017)

1. Business Environment
2. Financial Highlights
3. Segment Performance

1. Business Environment

Domestic market trends

- Stable demand in public and private sector
- Some types of costs have slightly increased but low fluctuation in general
- Initiation of industry-wide work style reform

Corporate strategies

- Keep chasing improvement of productivity and full implementation of front-loading
- Conversation with subcontractors to examine measures of “Kajima work style reform”
- Enlarge business field able to utilize our strength and refine management platform

2. Financial Highlights

Profit increased due to improvement of gross profit margin in construction business by Kajima main body and of non-operating/extraordinary income

Billions of yen	FY16 H1 Result	FY17 H1 Result	YoY Change	Change from Initial Forecast	Latest Forecast (Sep 12, 2017)
Revenues	813.2	822.7	+9.5	(17.2)	830.0
Operating Income	73.7	76.8	+3.0	+26.8	70.0
Ordinary Income	76.4	84.3	+7.8	+24.3	77.0
* ₁ Net Income	50.9	64.3	+13.4	+21.3	56.0
Construction Contract Awards	968.9	759.3	(209.6)	+29.3	-
Interest-bearing Debt	* ₂ 372.9	286.1	* ₃ (86.7)	-	-

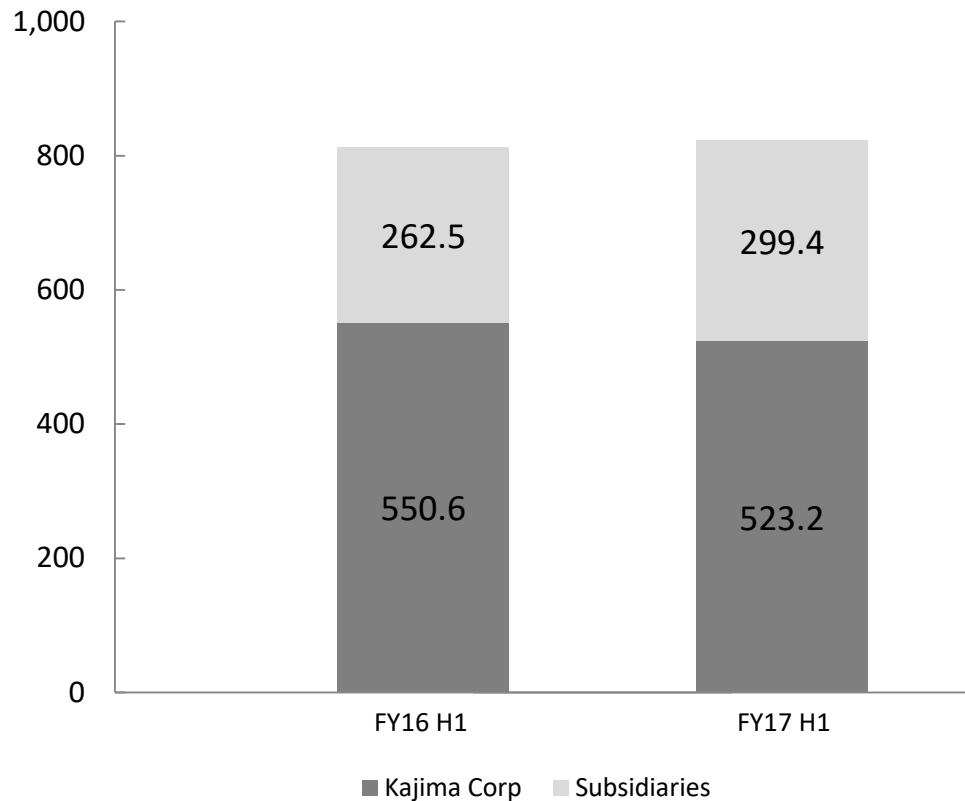
*₁ Net Income Attributable to Owners of the Parent

*₂ Mar 31, 2017 Result

*₃ Change from Mar 31, 2017

2. Revenues

Billions of yen	FY16 H1 Result	FY17 H1 Result	YoY Change	Change from Initial Forecast
Revenues	813.2	822.7	+9.5	(17.2)

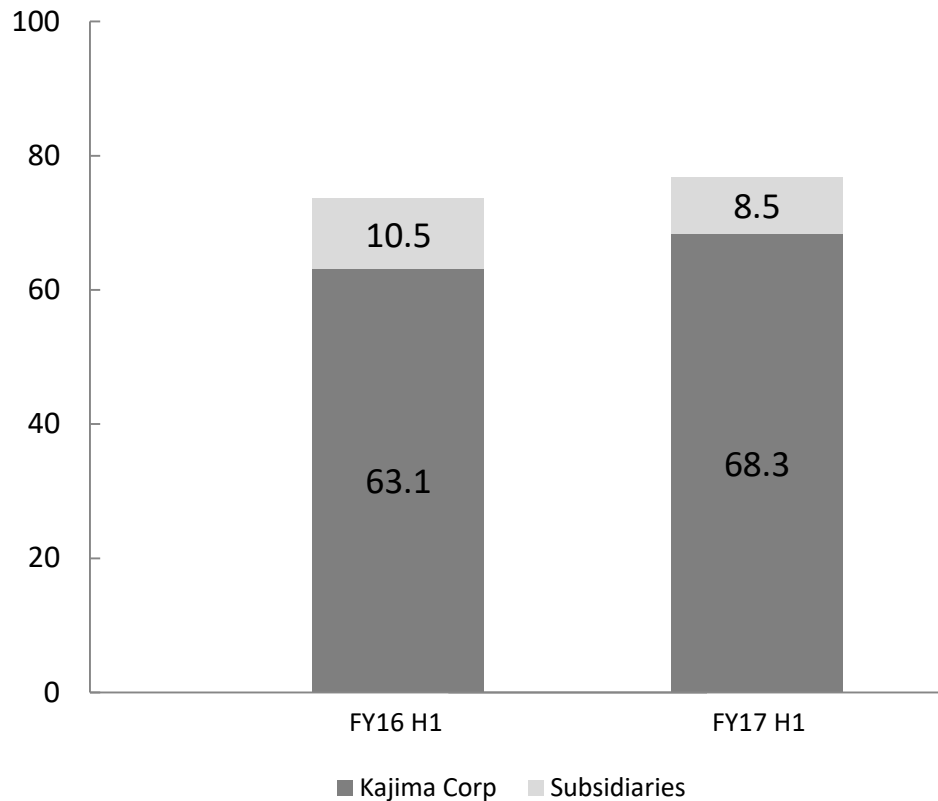


YoY Change Factors

- Kajima Corp (27.4)
- Subsidiaries +36.9

2. Operating Income

Billions of yen	FY16 H1 Result	FY17 H1 Result	YoY Change	Change from Initial Forecast
Operating Income	73.7	76.8	+3.0	+26.8

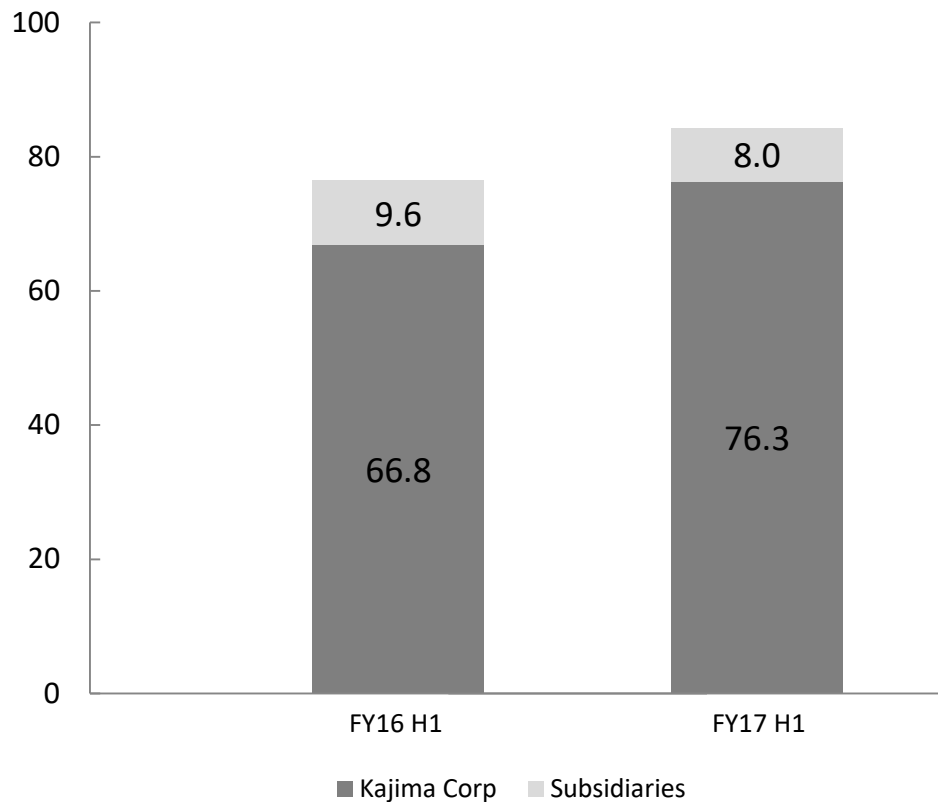


YoY Change Factors

- Gross Profit (Kajima Corp) +6.6
- Gross Profit (Subsidiaries) +0
- SG&A (3.6)

2. Ordinary Income

Billions of yen	FY16 H1 Result	FY17 H1 Result	YoY Change	Change from Initial Forecast
Ordinary Income	76.4	84.3	+7.8	+24.3



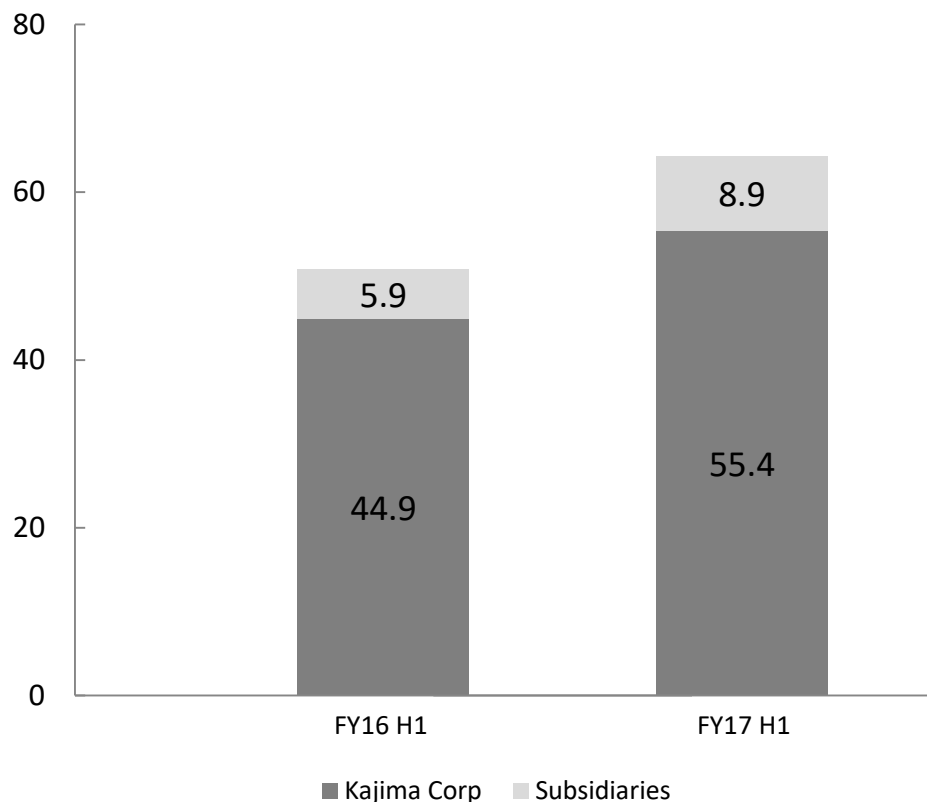
YoY Change Factors

- Operating Income +3.0
- Non-operating Income - net +4.7

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY16 H1 Result	FY17 H1 Result	YoY Change	Change from Initial Forecast
Net Income	50.9	64.3	+13.4	+21.3

* Net Income Attributable to Owners of the Parent



YoY Change Factors

- Ordinary Income +7.8
- Extraordinary Income - net +4.4
- Income Taxes +0.9

3. Civil Engineering (Kajima Corp)

Contracts

➤ Decrease due to correction of relatively favorable result in same period in 2016

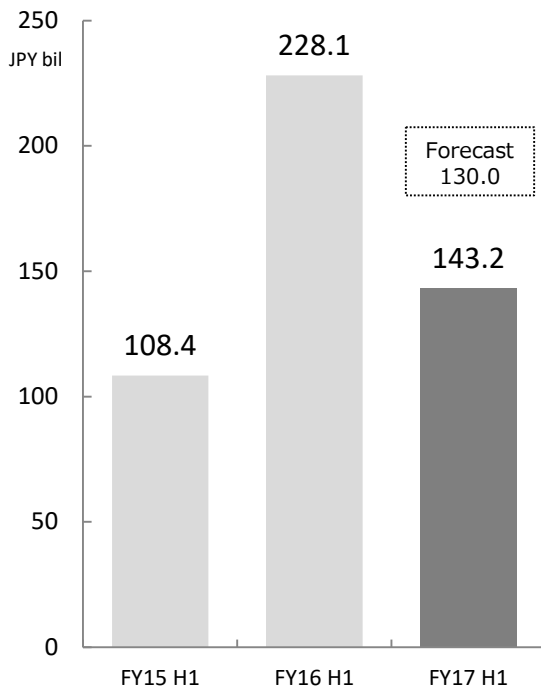
Revenues

➤ Stable in domestic with increase in overseas

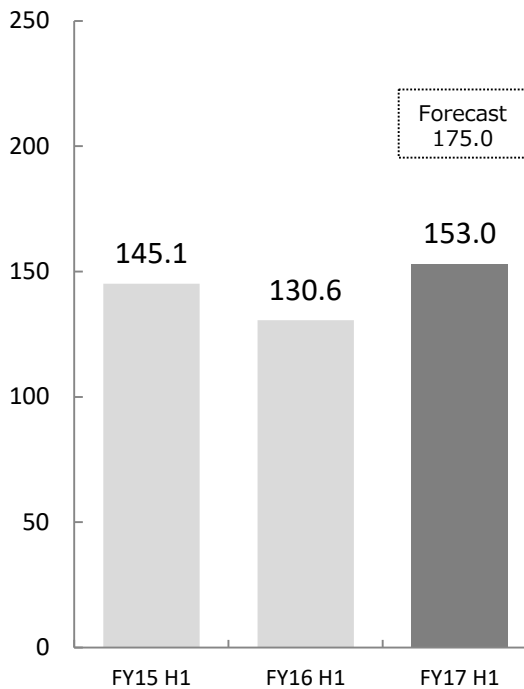
Gross Profit

- Domestic: Same level margin ratio due to change orders as well as cost reduction
- Overseas: decrease of loss in particular projects expensed in the past as anticipated-loss

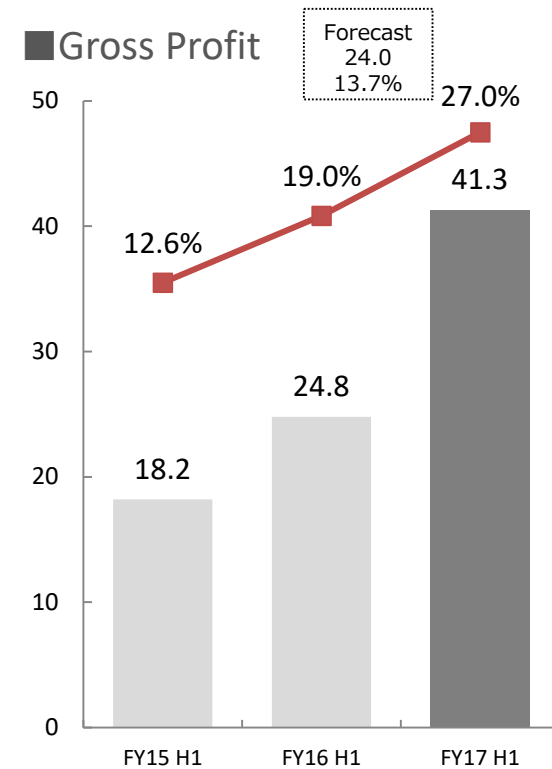
Contracts Awards



Revenues



Gross Profit



3. Building Construction (Kajima Corp)

Contracts

➤ Decrease due to correction of relatively favorable result in same period in 2016

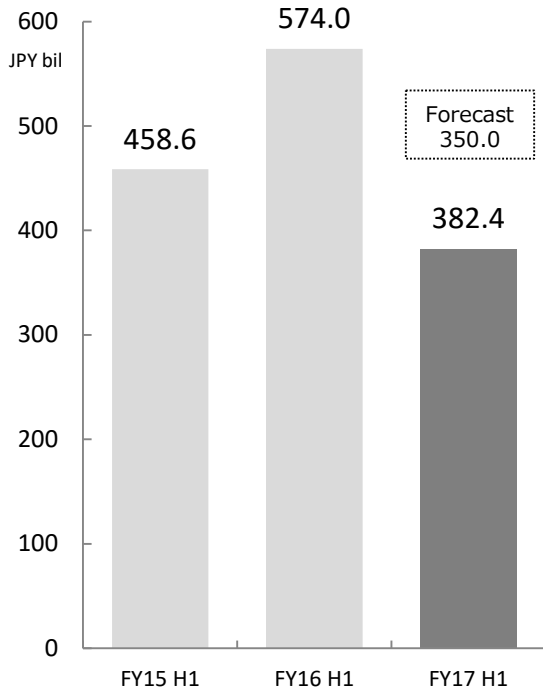
Revenues

➤ Large-scale projects under construction is in the early stage

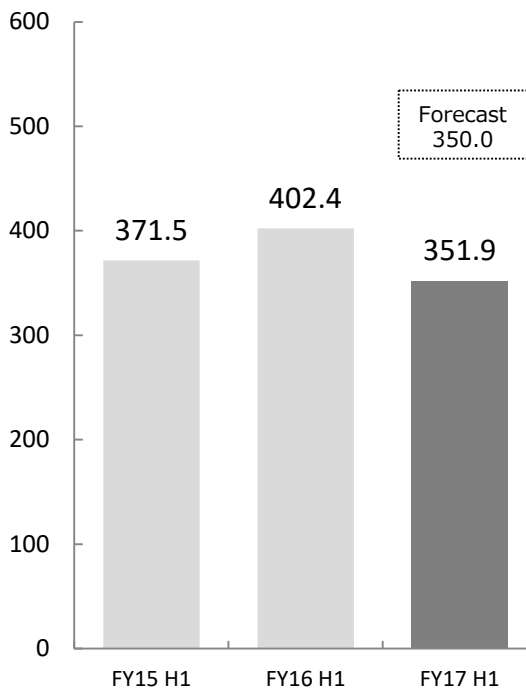
Gross Profit

➤ Decrease mainly due to less revenues
 ➤ Same level margin ratio due to change orders as well as cost reduction

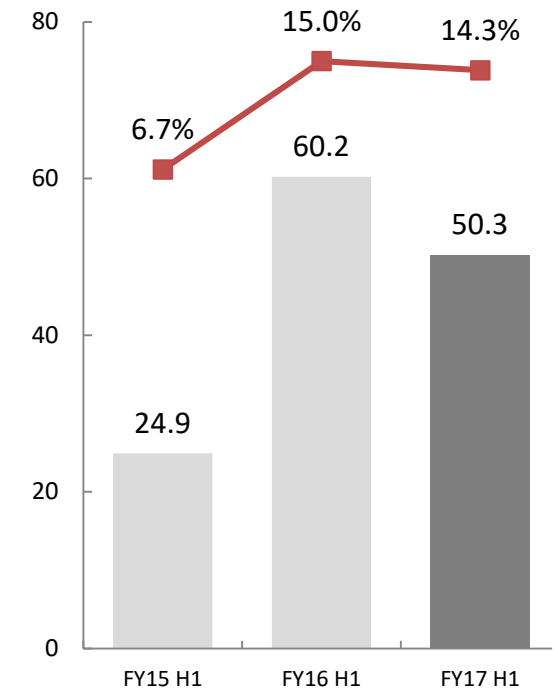
■ Contract Awards



■ Revenues



■ Gross Profit

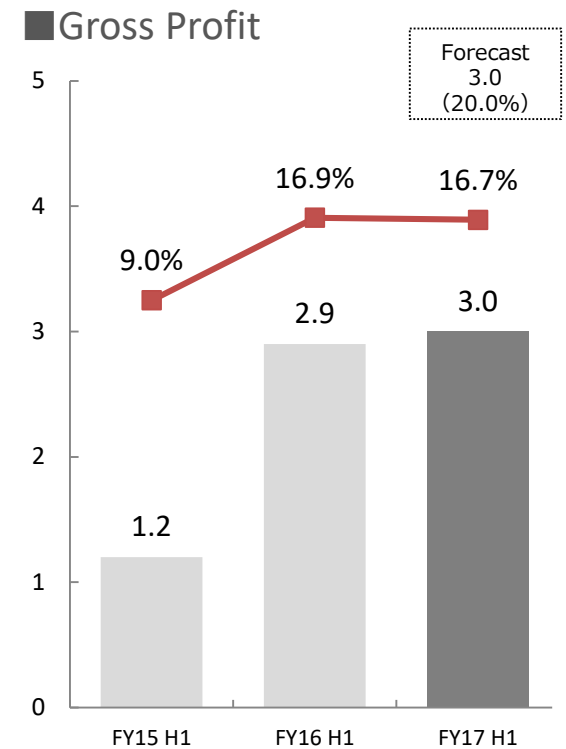
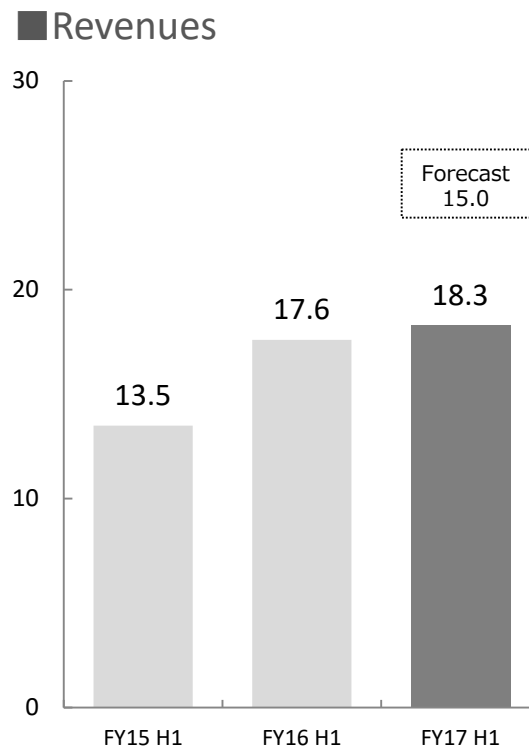
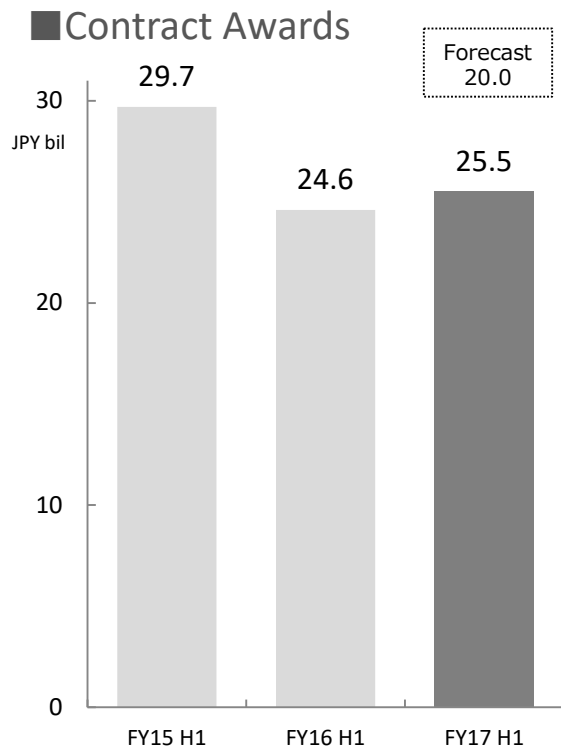


3. Real Estate and Other (Kajima Corp)

Contracts ➤ Equivalent level

Revenues ➤ Equivalent level

Gross Profit ➤ Equivalent level



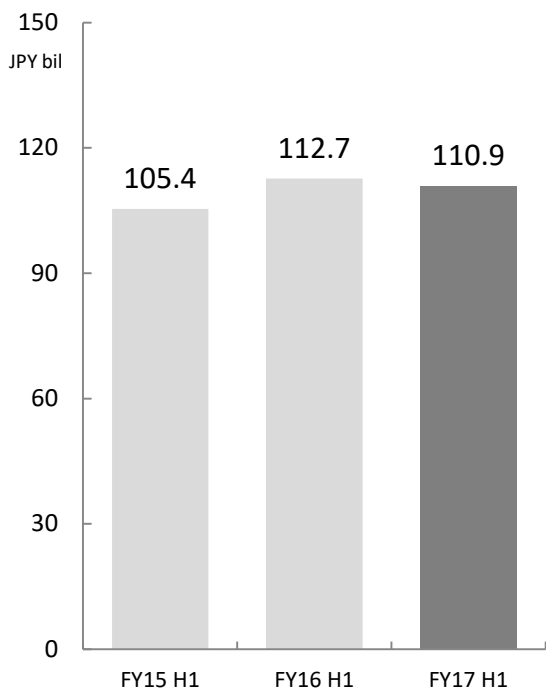
3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level

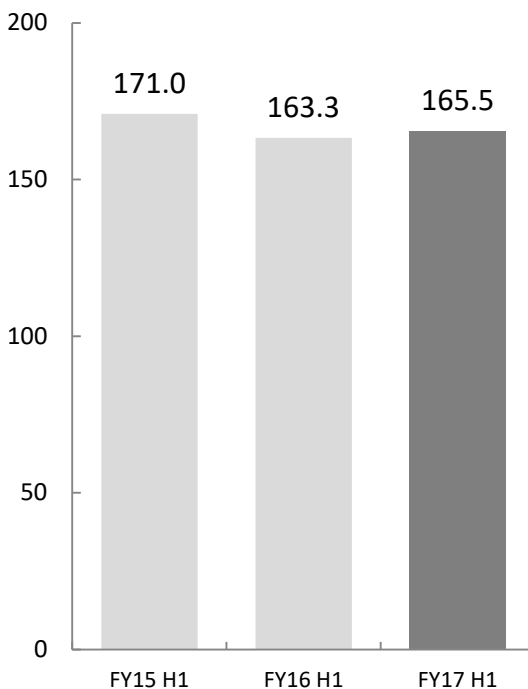
Revenues ➤ Equivalent level

Ordinary Income ➤ Correction of favorable gross profit margin in same period in 2016

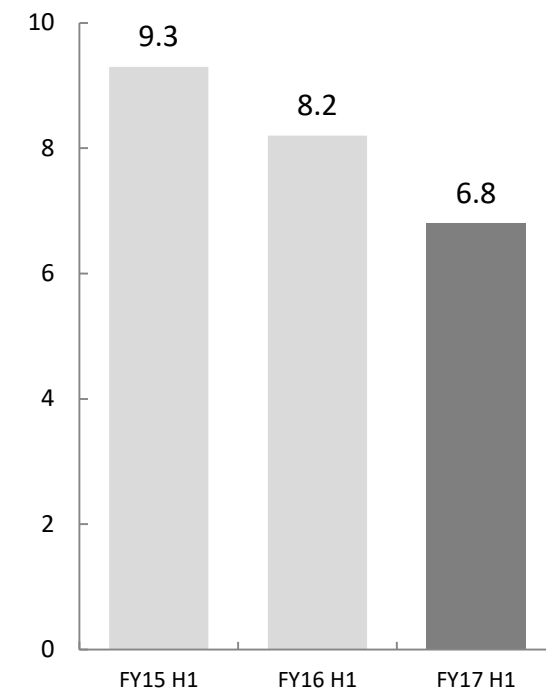
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



3. Overseas Subsidiaries and Affiliates

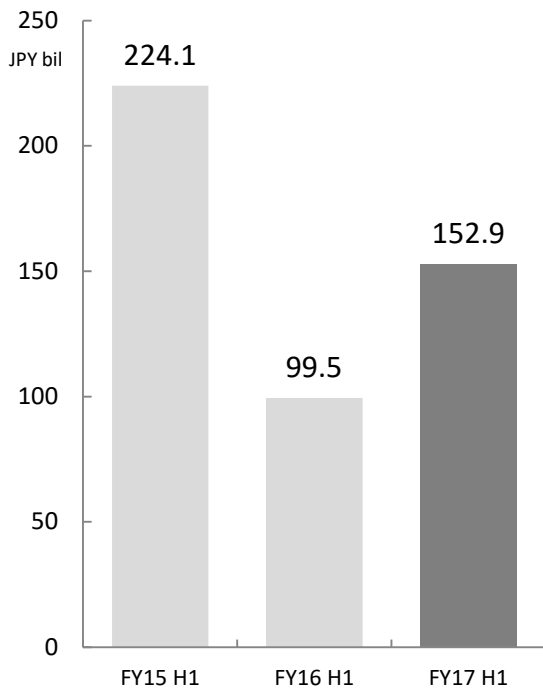
Contracts ➤ Increase in all regions

Revenues ➤ Increase mainly due to acquisition of general-contractor in Australia

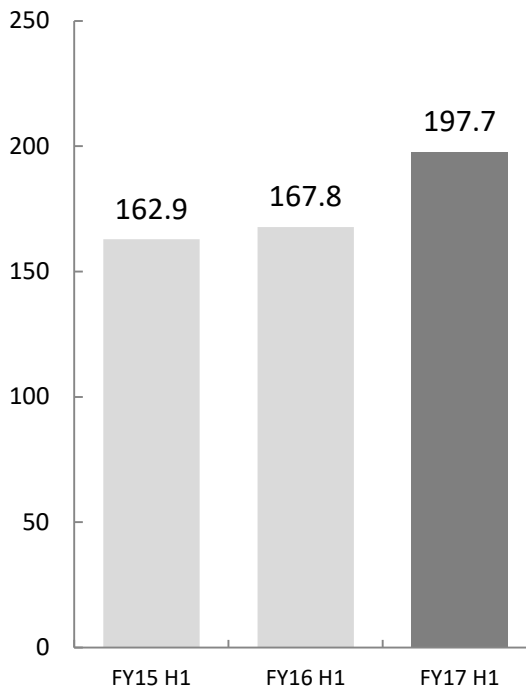
Ordinary Income ➤ Decrease mainly due to increase in SG&A

Exchange rate (JPY/USD)
 FY15 H1: 122
 FY16 H1: 103
 FY17 H1: 112

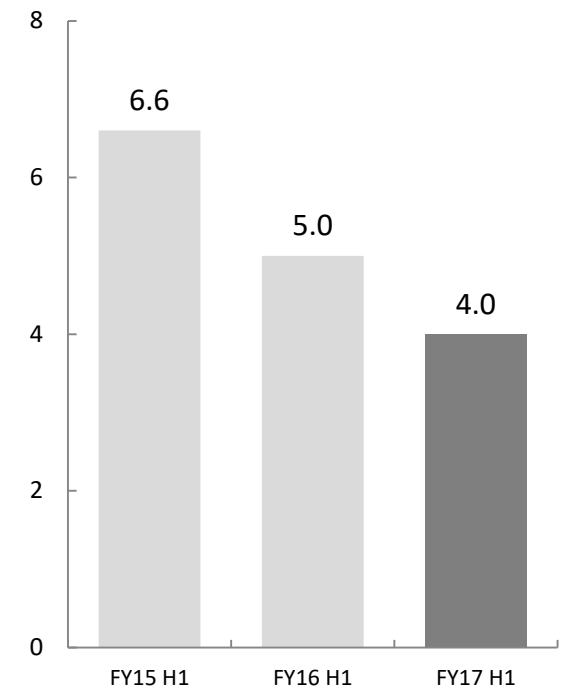
■ Construction Contract Awards

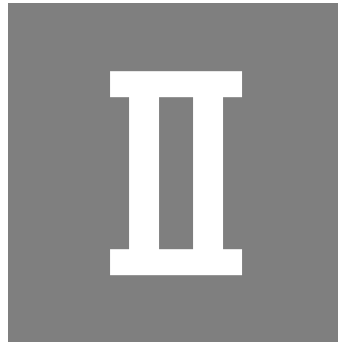


■ Revenues



■ Ordinary Income





FY2017 Financial Forecast

(April 1, 2017 - March 31, 2018)

1. Business Environment
2. Financial Highlights
3. Segment Performance

1. Business Environment

Domestic market outlook

- Stable construction investment supported by large-scale redevelopment projects in Metro-Tokyo area
- Concern of cost escalation along with progress of large-scale projects

Corporate strategies

- Pursue labor-saving/automation technologies to strengthen competitiveness in construction business
- Examine and trial for implementation of “Kajima work style reform”
- Strengthen, from mid-term perspective, domestic real estate development as well as overseas construction and real estate development

2. Financial Highlights

Revised forecast bases on the result of the first 6 months

Billions of yen	FY16 Result	FY17 Updated Forecast	YoY Change	Change from Initial Forecast
Revenues	1,821.8	1,830.0	+8.1	0.0
Operating Income	155.3	136.0	(19.3)	+30.0
Ordinary Income	163.4	150.0	(13.4)	+30.0
*Net Income	104.8	108.0	+3.1	+26.0
Construction Contract Awards	1,728.3	1,610.0	(118.3)	(30.0)
Interest-bearing Debt	372.9	370.0	(2.9)	0.0

* Net Income Attributable to Owners of the Parent

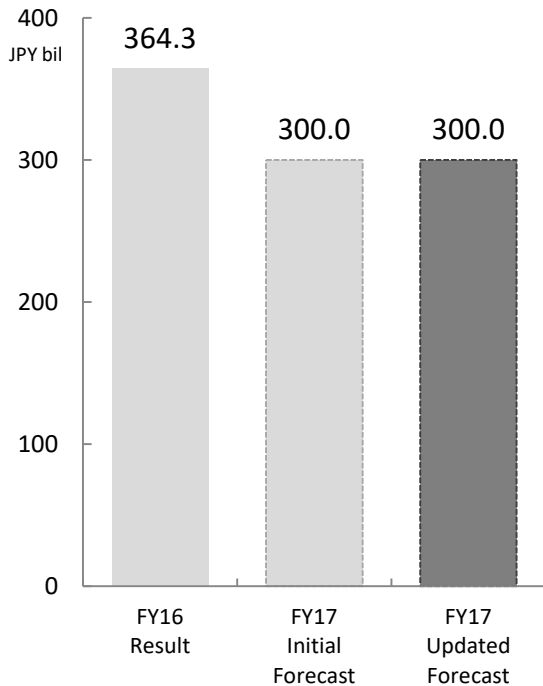
3. Civil Engineering (Kajima Corp)

Contracts ➤ Unchanged from initial forecast

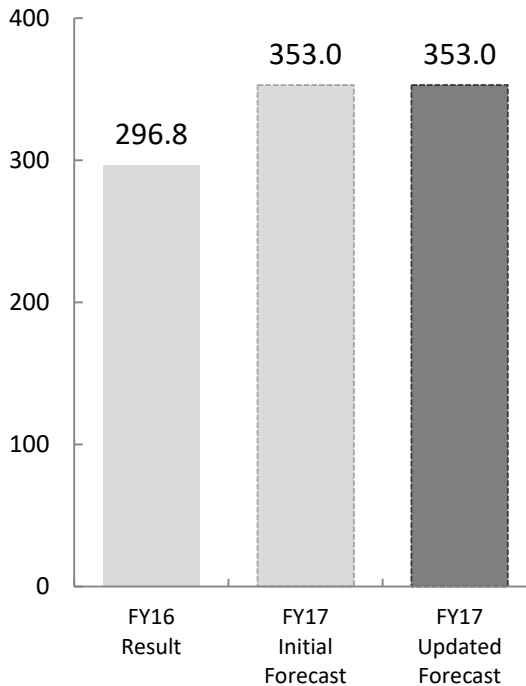
Revenues ➤ Unchanged from initial forecast

Gross Profit ➤ Revised forecast upward based on the first half result and the status of backlog projects

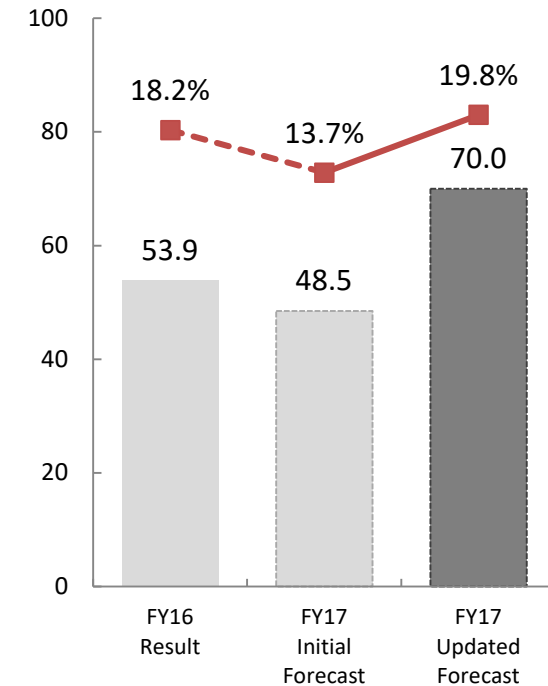
■ Contract Awards



■ Revenues



■ Gross Profit



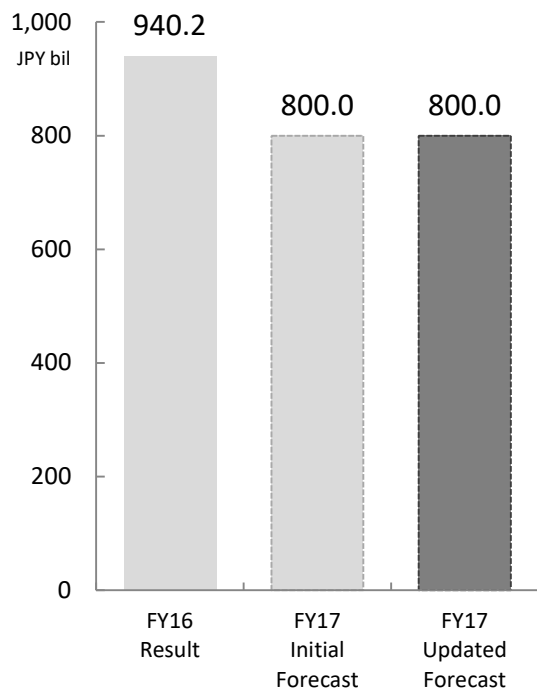
3. Building Construction (Kajima Corp)

Contracts ➤ Unchanged from initial forecast

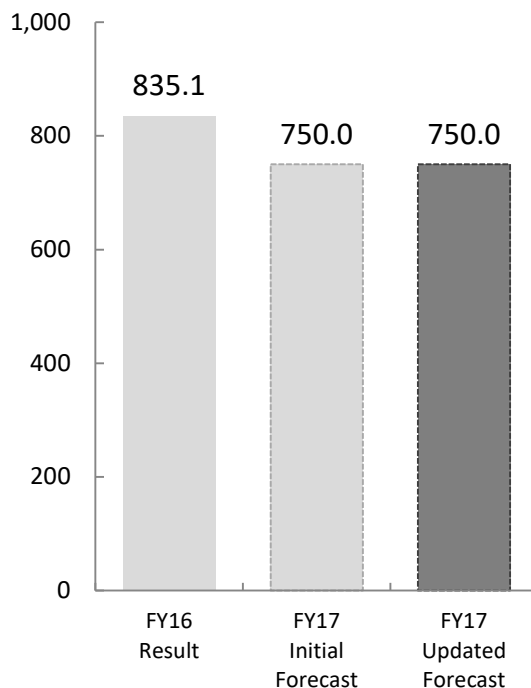
Revenues ➤ Unchanged from initial forecast

Gross Profit ➤ Revised forecast upward based on the first half result and the status of backlog projects

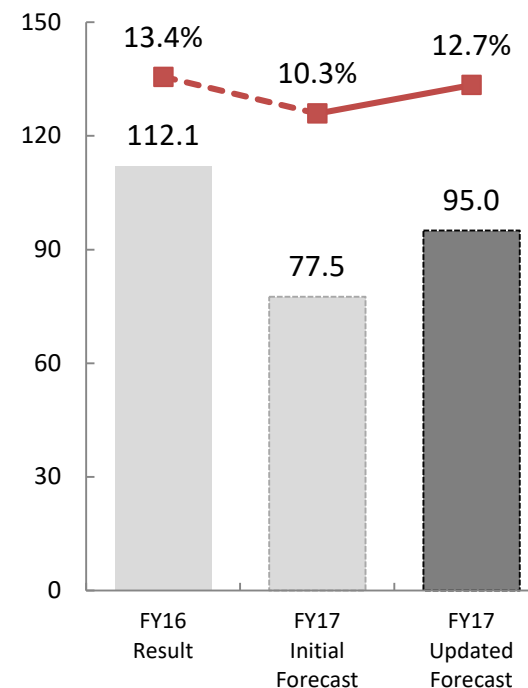
■ Contract Awards



■ Revenues



■ Gross Profit

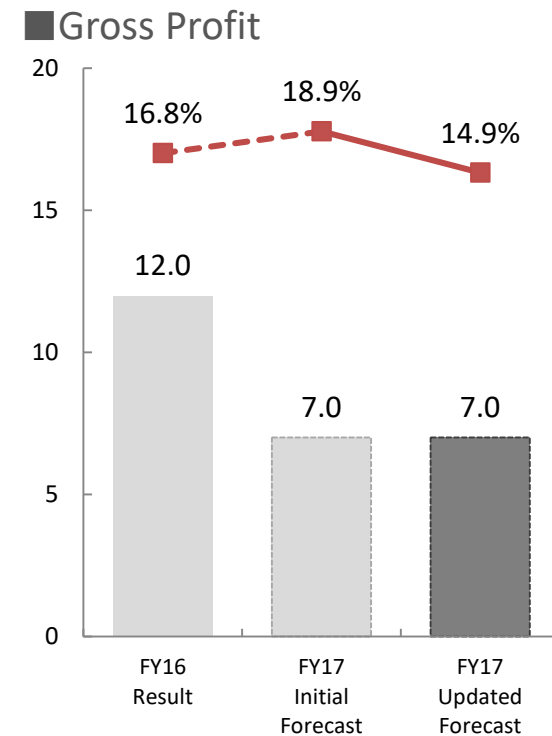
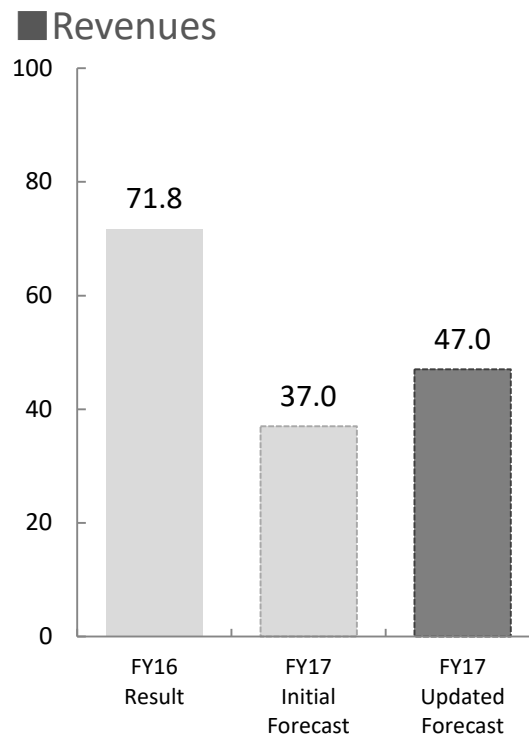
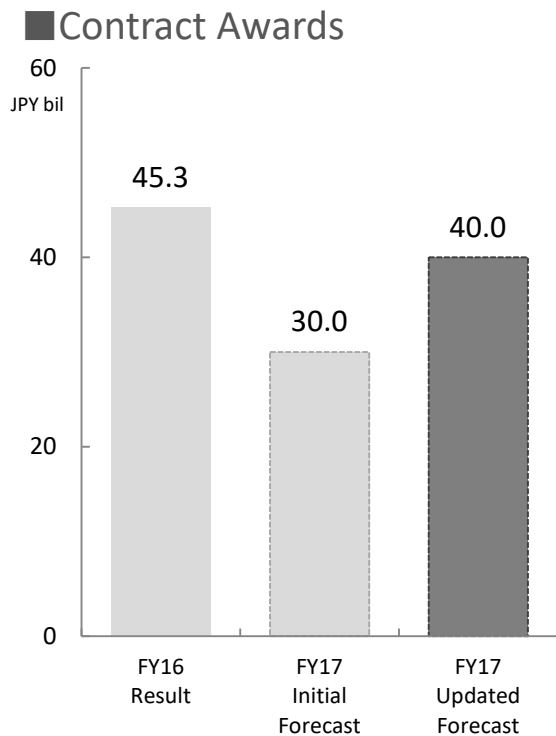


3. Real Estate and Other (Kajima Corp)

Contracts ➤ Revised forecast upward based on the first half result

Revenues ➤ Revised forecast upward based on the first half result

Gross Profit ➤ Unchanged from initial forecast
➤ Drop compare to previous year delivered large-scale projects



3. Domestic Subsidiaries and Affiliates

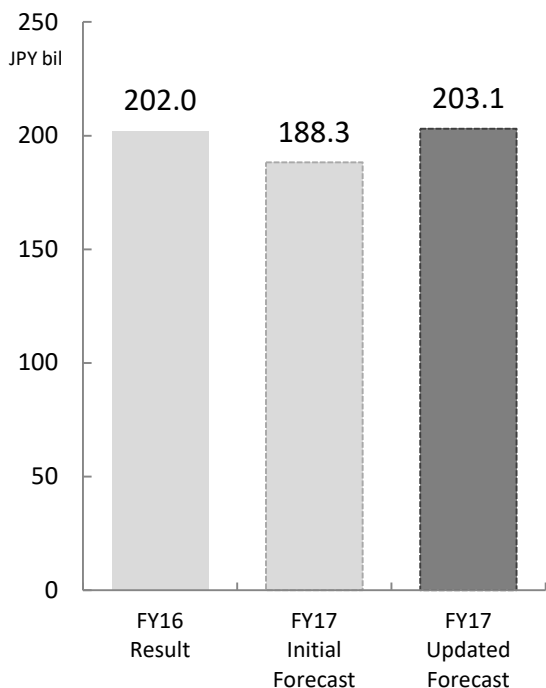
Contracts ➤ Revised forecast upward based on the first half result

Revenues ➤ Equivalent to initial forecast

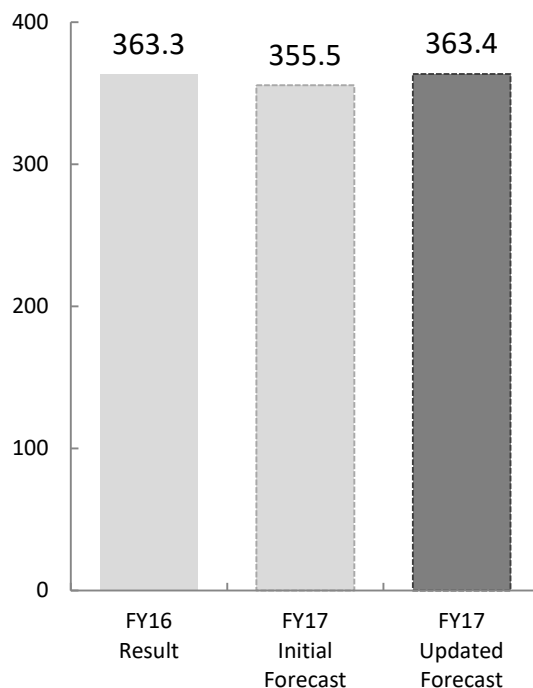
Ordinary Income ➤ Revised forecast upward based on the first half result

➤ Drop compare to previous year recorded high performance in construction business

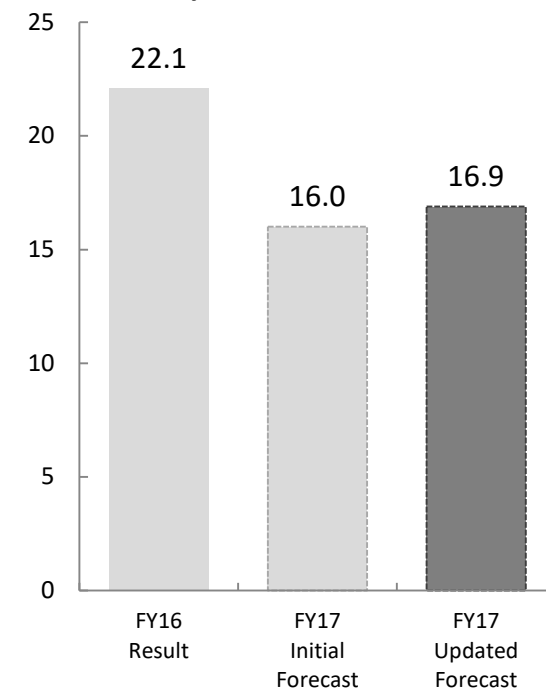
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



3. Overseas Subsidiaries and Affiliates

Contracts ➤ Revised due to the delay of pipeline projects

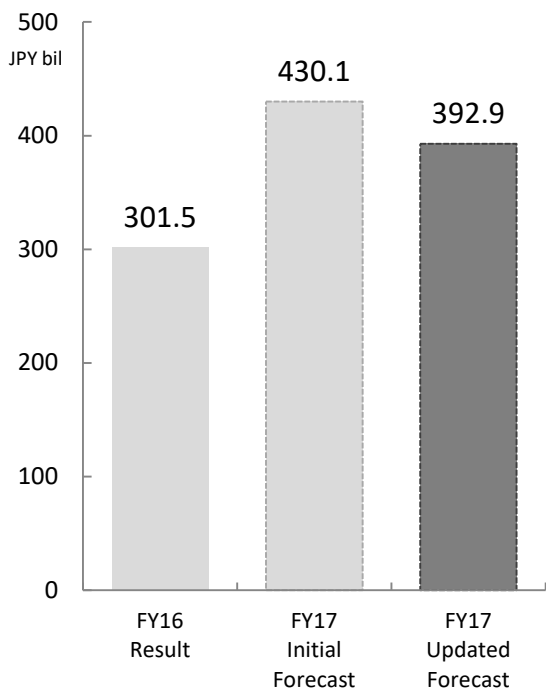
Revenues ➤ Equivalent to initial forecast

Ordinary Income ➤ Revised due to increase in SG&A

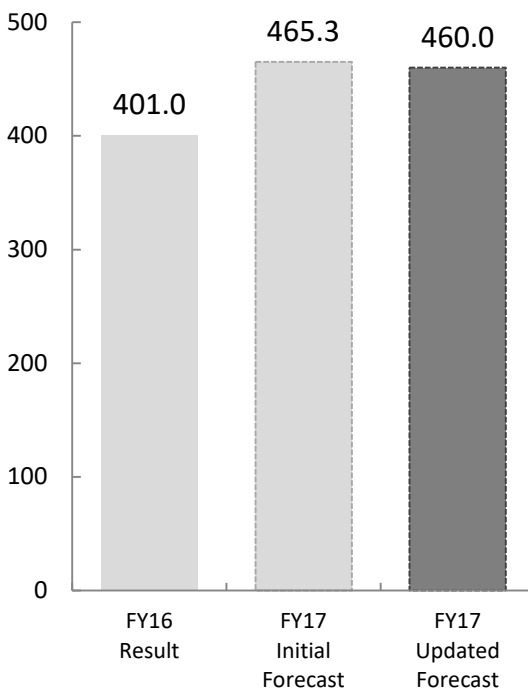
➤ Drop compare to previous year due to increase in SG&A and less net financial income

Exchange rate (JPY/USD)
 FY16 result: 116
 FY17 forecast: 113
 (Initial forecast: 116)

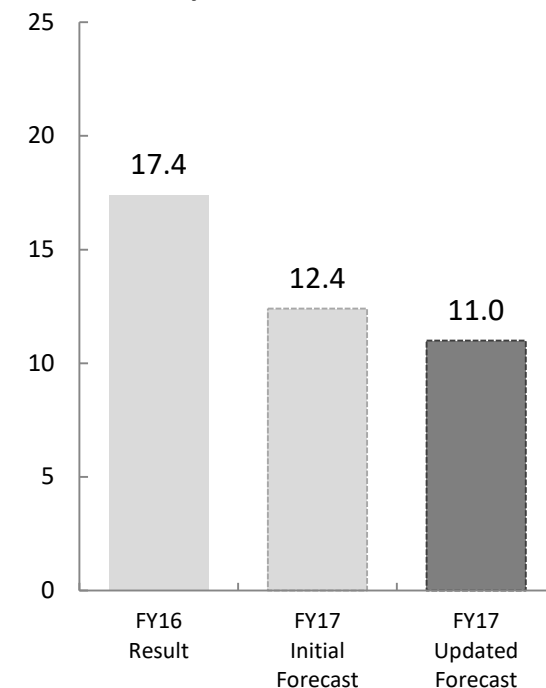
■ Construction Contract Awards



■ Revenues



■ Ordinary Income





Profit Allocation

1. Dividend
2. Investment

1. Dividend

Unchanged from initial dividend forecast

Yen	FY16 Result	FY17 Initial Forecast	FY17 Updated Forecast
Dividend per Share	20.00	20.00	20.00
Basic Net Income per Share	101.01	79.00	104.05
Payout Ratio	19.8%	25.3%	19.2%

Our basic policy for profit allocation is to distribute profits to stockholders in line with business performance as well as to provide stable dividends, while securing internal reserves to maintain a sound management foundation. We plan to utilize internal reserves in order to build a strong financial structure and to invest for maintaining and enhancing business platform.

2. Investment

Invest in stable growth and sustainability

Domestic Real Estate Business

- Acquisition of existing assets along with new development
- Reform non-asset business platform

Overseas Business (Construction and Real Estate)

- Acquisition of existing assets along with new development
- Alliance with local firms and M&A

Research and Development

- Seek technology in line with our corporate strategies
- Speed up labor-saving and automation

Foster subsidiaries

- Enhance cooperation within Kajima group companies
- Make construction peripheral business more profitable



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Disclaimer: All financial information has been prepared in accordance with generally accepted accounting principles in Japan. While every attempt has been made to ensure the accuracy of information, forecasts contained in this slides are based on the judgments made with information available as at November 14, 2017, and are subject to risks and uncertainties that may cause the actual results to vary.