

# FY2017 Financial Results

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May 15, 2018



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# FY2017 Results

(April 1, 2017 - March 31, 2018)

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1. Business Environment
2. Financial Highlights
3. Segment Performance
4. Financial Positions
5. Dividend

# 1. Business Environment

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## Domestic market trends

- Stable construction investment in private sector to redevelopment projects in Metro-Tokyo area and manufacturing plant in addition to public sector
- Some types of costs have slightly increased but low fluctuation in general

## Corporate strategies

- Keep chasing improvement of productivity and full implementation of front-loading
- Enlarge business field able to utilize our strength and refine management platform

## 2. Financial Highlights

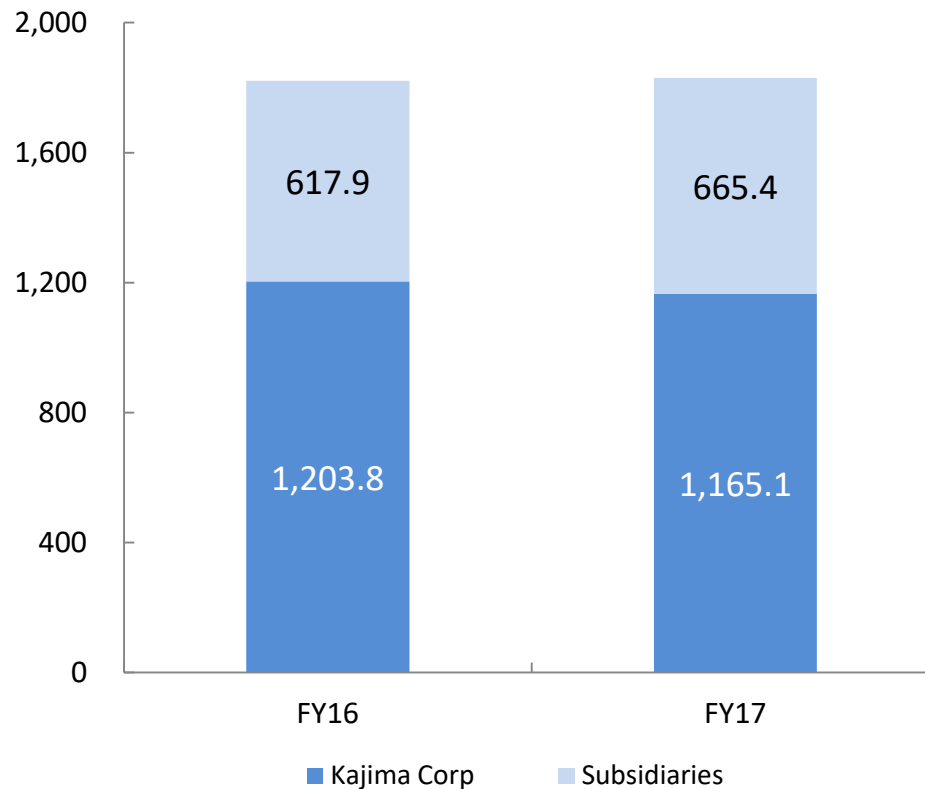
Profit increased due to growth in gross profit in construction business

Billions of yen	FY16 Result	FY17 Result	YoY Change	FY17 * <sub>1</sub> Forecast
Revenues	1,821.8	1,830.6	+8.8	1,830.0
Operating Income	155.3	158.3	+2.9	136.0
Ordinary Income	163.4	179.7	+16.2	150.0
* <sub>2</sub> Net Income	104.8	126.7	+21.9	108.0
Construction Contract Awards	1,728.3	1,685.9	(42.3)	1,610.0

\*<sub>1</sub> Announced on Nov 14, 2017    \*<sub>2</sub> Net Income Attributable to Owners of the Parent

## 2. Revenues

Billions of yen	FY16 Result	FY17 Result	YoY Change	Change from Forecast
Revenues	1,821.8	1,830.6	+8.8	+0.6

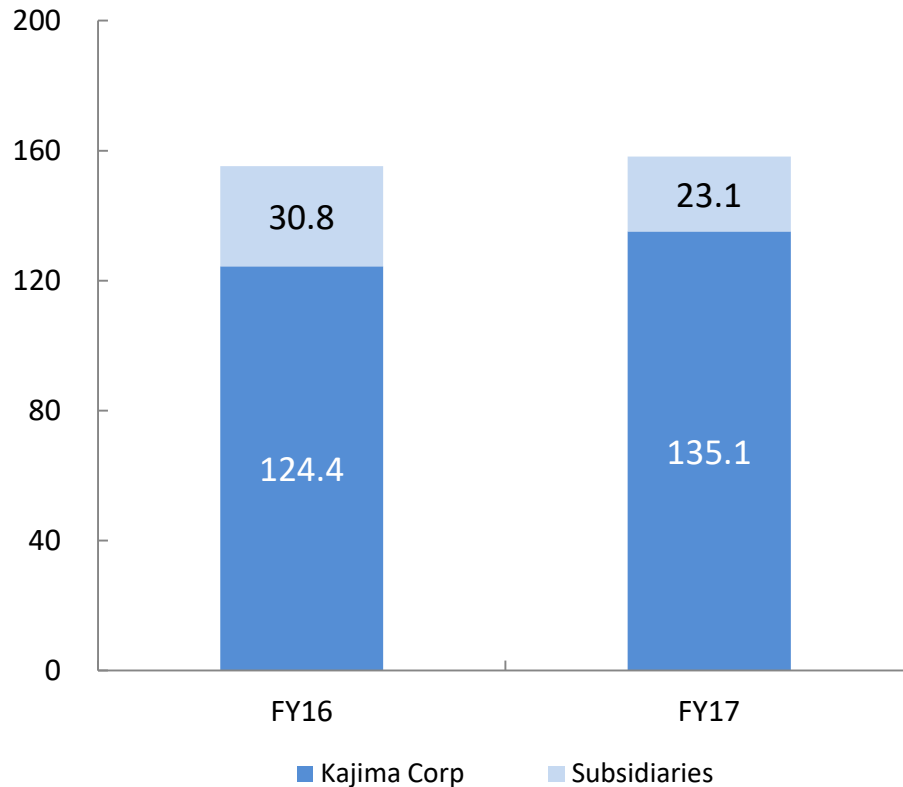


### YoY Change Factors

- Construction +43.4
- Real Estate and Other (34.5)

## 2. Operating Income

Billions of yen	FY16 Result	FY17 Result	YoY Change	Change from Forecast
Operating Income	155.3	158.3	+2.9	+22.3

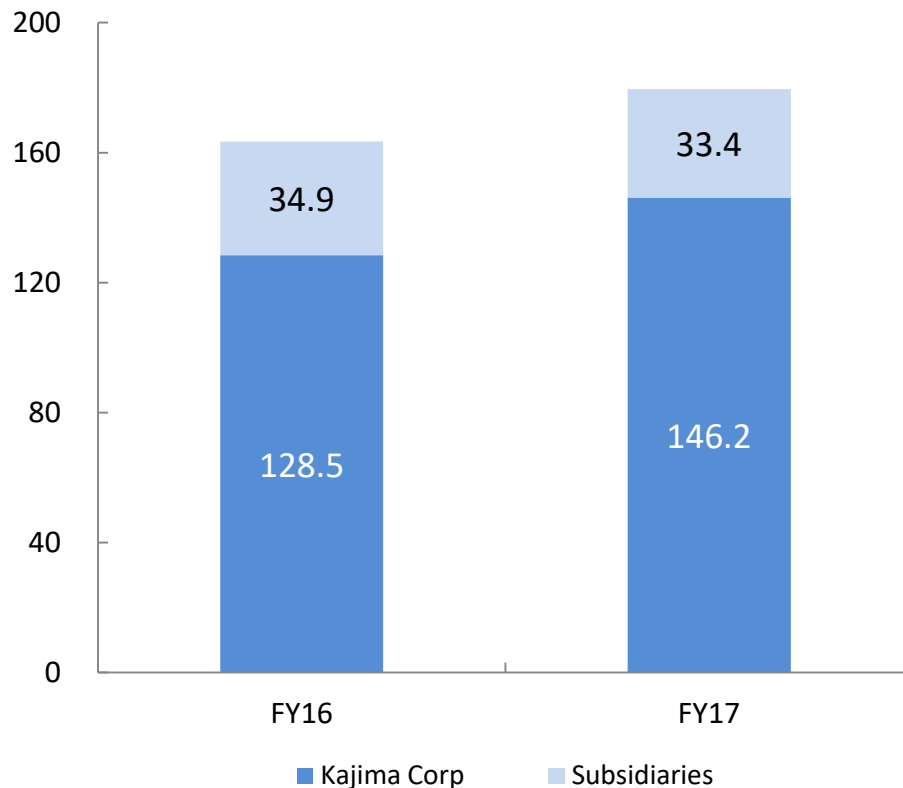


### YoY Change Factors

- Gross Profit (Construction) +18.8
- Gross Profit (Real Estate and other) (6.9)
- SG&A (8.8)

## 2. Ordinary Income

Billions of yen	FY16 Result	FY17 Result	YoY Change	Change from Forecast
Ordinary Income	163.4	179.7	+16.2	+29.7



### YoY Change Factors

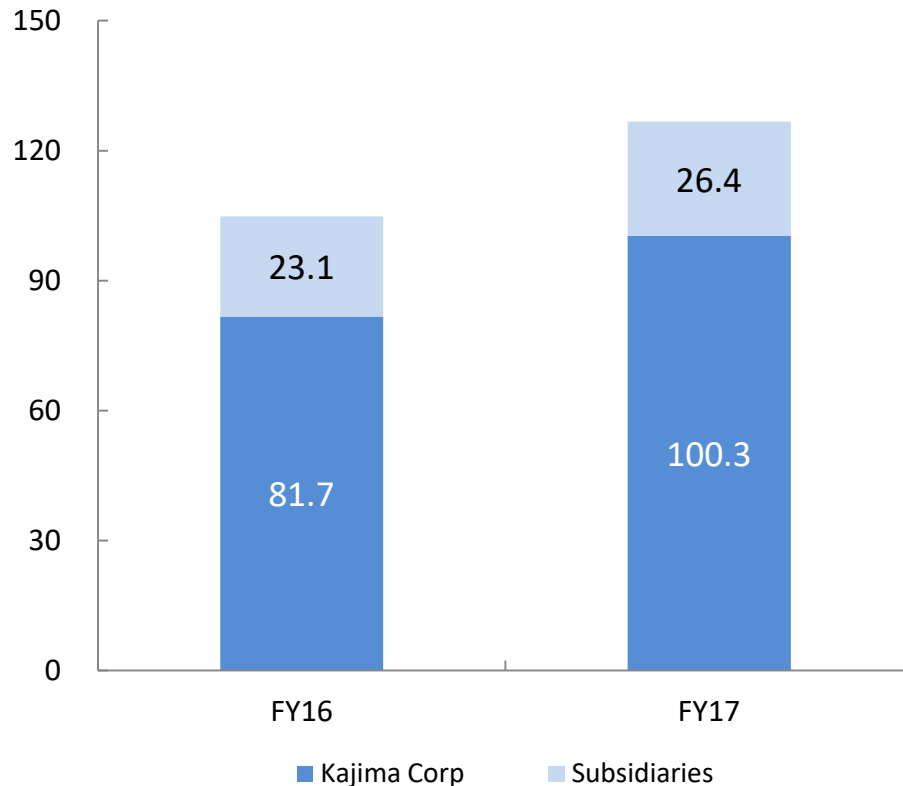
➤ Operating Income	+2.9				
➤ Non-operating Income - net	+13.2				
<div style="border-left: 1px solid black; border-right: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px 0;"> <table border="0"> <tbody> <tr> <td>Equity in Earnings of Partnership</td> <td>+3.0</td> </tr> <tr> <td>Equity in Earnings of Unconsolidated Subsidiaries and Affiliates</td> <td>+1.1</td> </tr> </tbody> </table> </div>		Equity in Earnings of Partnership	+3.0	Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	+1.1
Equity in Earnings of Partnership	+3.0				
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	+1.1				



## 2. Net Income Attributable to Owners of the Parent

Billions of yen	FY16 Result	FY17 Result	YoY Change	Change from Forecast
Net Income	104.8	126.7	+21.9	+18.7

\* Net Income Attributable to Owners of the Parent



### YoY Change Factors

- Ordinary Income +16.2
- Extraordinary Income - net (0.8)
- Income Taxes +4.8
- Noncontrolling Interests +1.6

# 3. Civil Engineering (Kajima Corp)

## Contracts

➤ Decrease due to correction of relatively favorable result in FY16

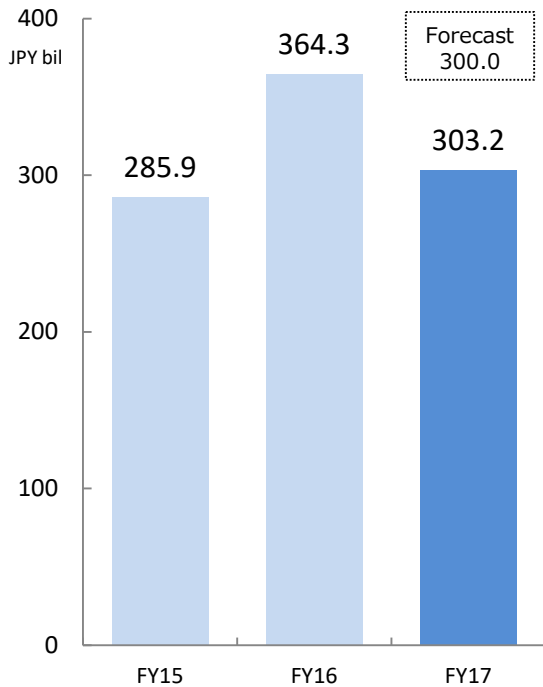
## Revenues

➤ Increase in domestic and overseas

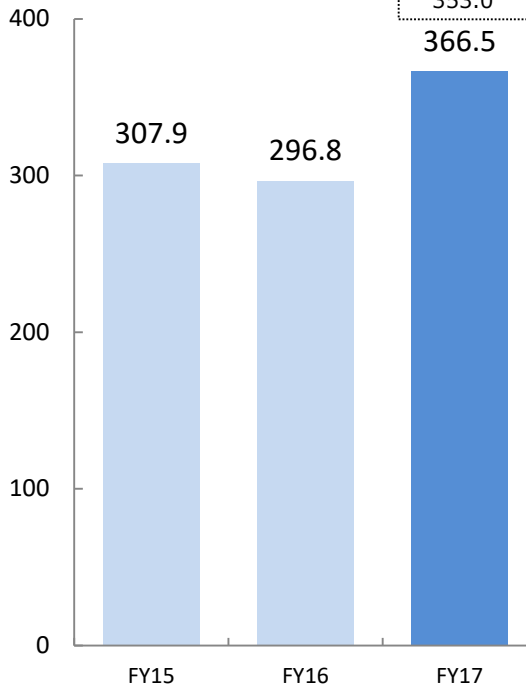
## Gross Profit

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

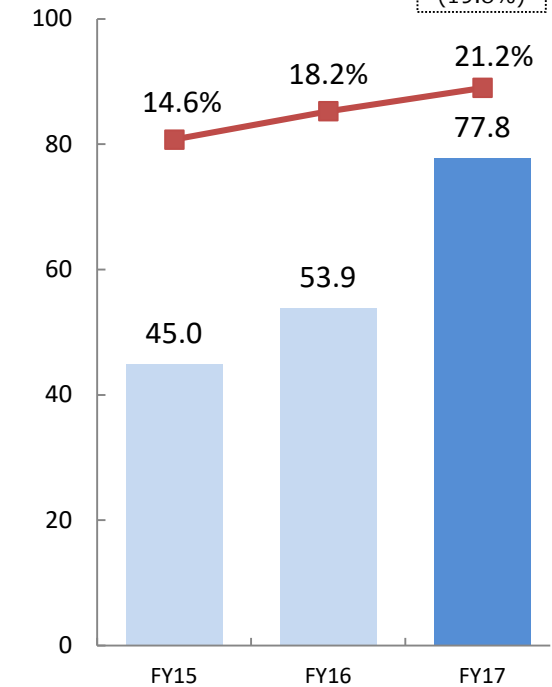
■ Contracts Awards



■ Revenues



■ Gross Profit



# 3. Building Construction (Kajima Corp)

## Contracts

➤ Decrease due to correction of relatively favorable result in FY16

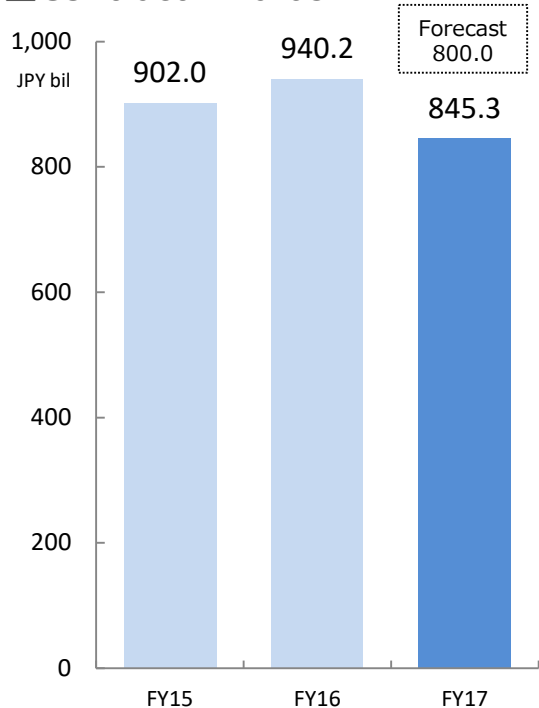
## Revenues

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

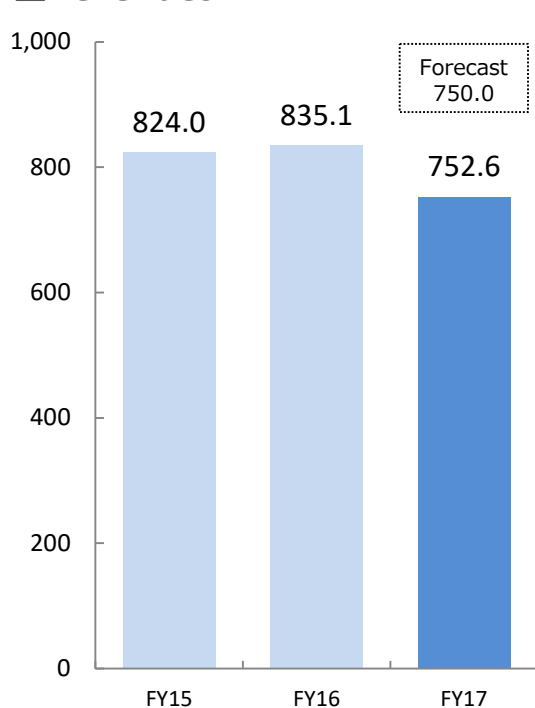
## Gross Profit

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

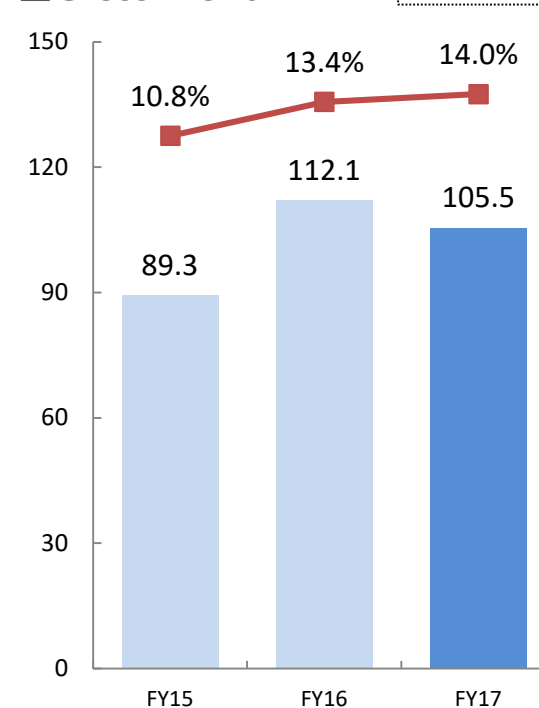
■ Contract Awards



■ Revenues



■ Gross Profit



# 3. Real Estate and Other (Kajima Corp)

**Contracts**

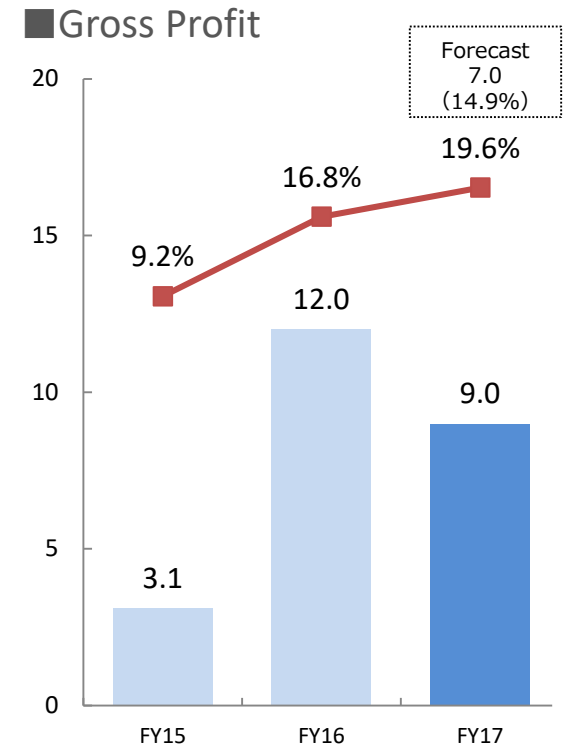
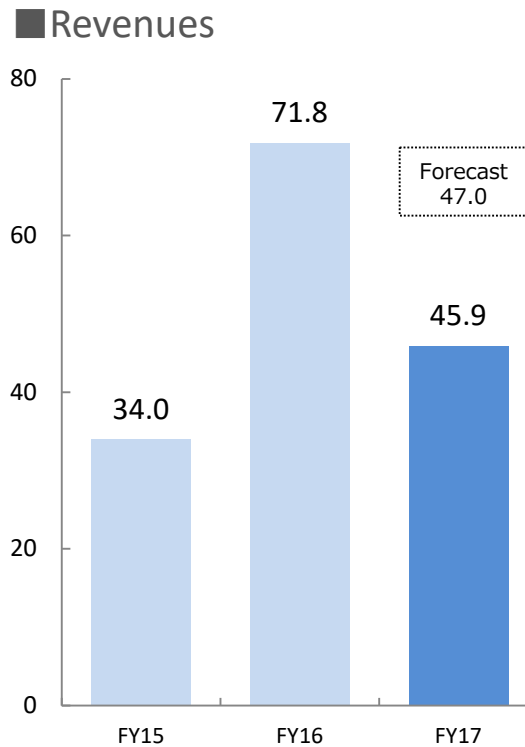
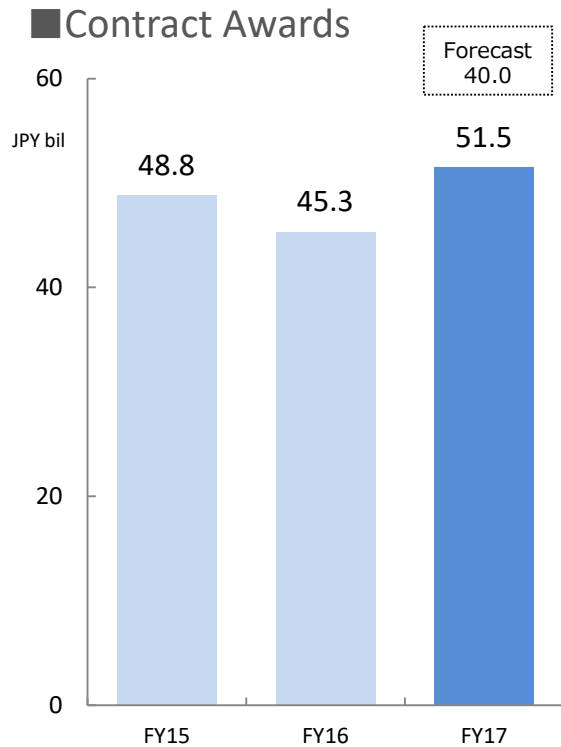
➤ Increase due to contracts of consulting services and condominium

**Revenues**

➤ Decrease compared to the previous year sold large-scale projects

**Gross Profit**

➤ Decrease due to less revenues



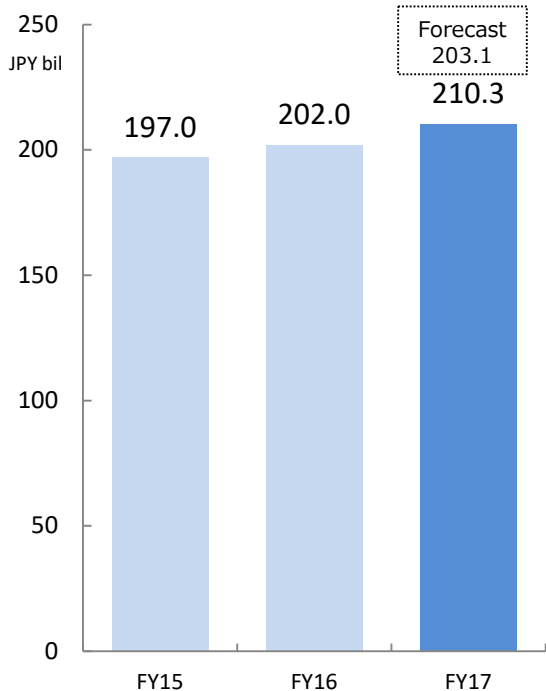
# 3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level

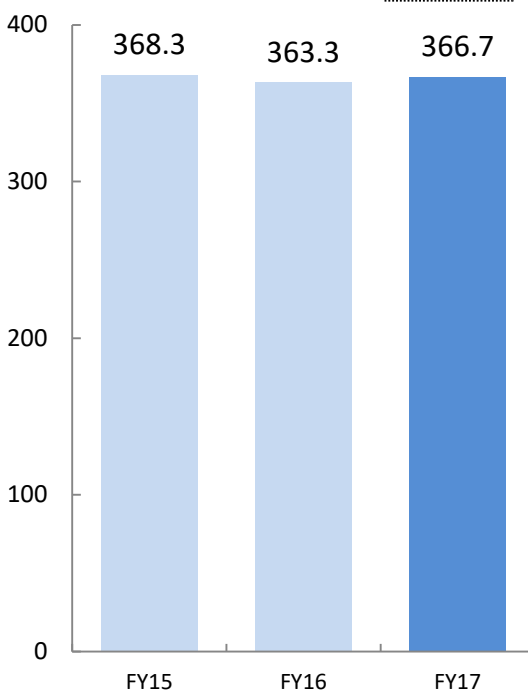
Revenues ➤ Equivalent level

Ordinary Income ➤ Decrease mainly due to decline in gross profit margin ratio

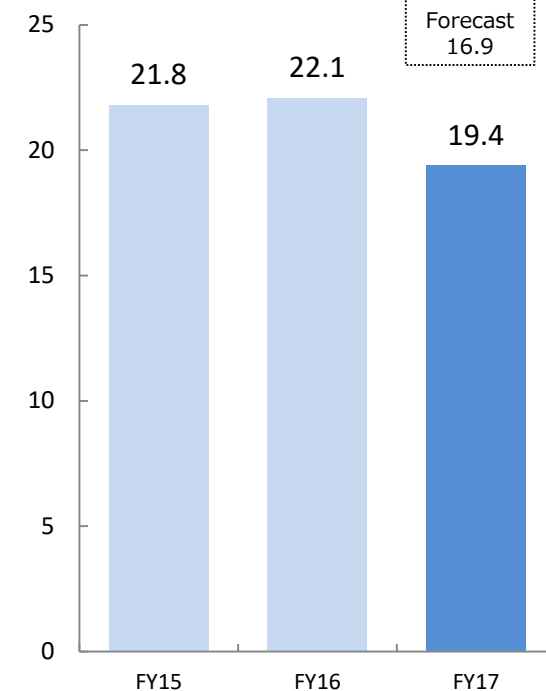
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



# 3. Overseas Subsidiaries and Affiliates

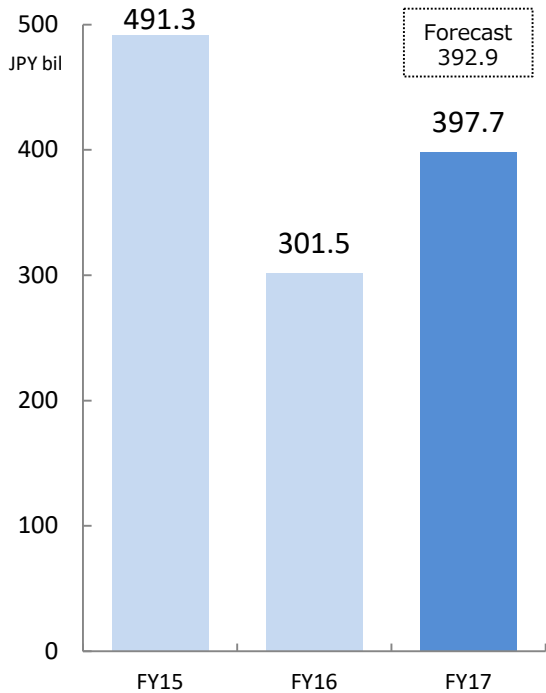
**Contracts** ➤ Increase in Oceania and Southeast Asia

**Revenues** ➤ Increase in Oceania due to M&A

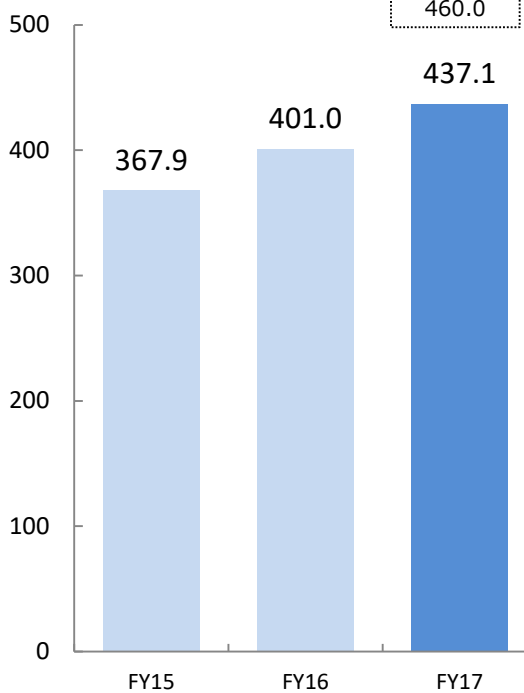
**Ordinary Income** ➤ Decrease mainly due to increase in SG&A

**Exchange rate (JPY/USD)**  
 FY15 : 121  
 FY16 : 116  
 FY17 : 113

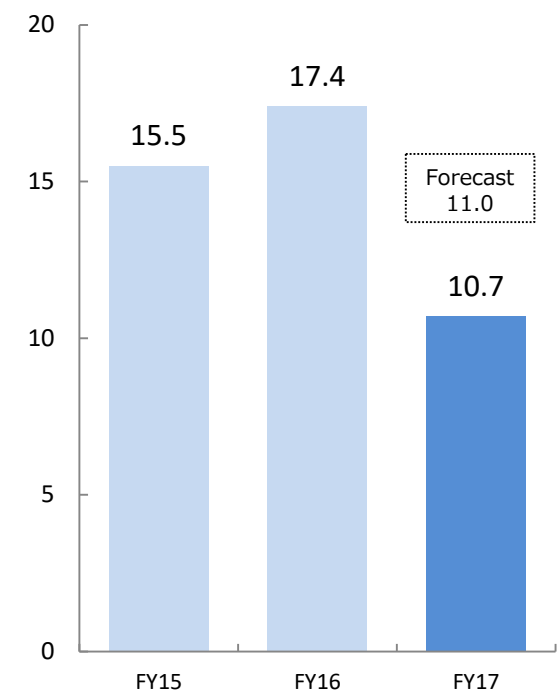
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



## 4. Financial Positions

Billions of yen	FY16 Result	FY17 Result	YoY Change	FY17 Forecast
Total Assets	1,992.8	2,074.1	+81.3	—
Interest-bearing Debt	372.9	344.8	(28.0)	370.0
Owners' Equity	548.5	666.0	+117.4	—
Owners' Equity Ratio	27.5%	32.1%	+4.6pt	—
ROE	20.6%	20.9%	+0.3pt	—

## 5. Dividend

Increase dividend per share by 4 yen in comparison with FY16

Yen	FY16 Result	FY17 Result	FY17 Forecast
Dividend per Share	20.00	24.00	20.00
Basic Net Income per Share	101.01	122.14	104.05
Payout Ratio	19.8%	19.6%	19.2%





# FY2018 Financial Forecast

(April 1, 2018 - March 31, 2019)

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

# 1. Business Environment

## Domestic market outlook

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

## New Mid-Term Business Plan

- Start new Medium-Term Business Plan toward Kajima Group's sustainable growth beyond 2020
- Prepare for uncertainty in the medium to long term business environments

## 2. Financial Highlights

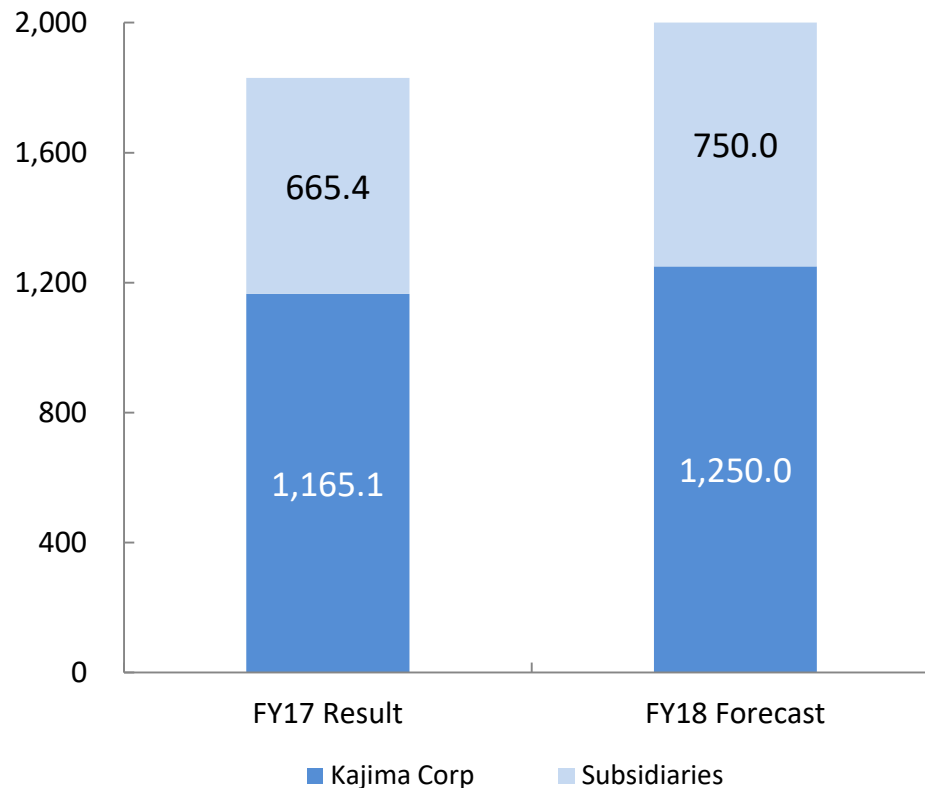
Forecast is set with concern of cost escalation

Billions of yen	FY17 Result	FY18 Forecast	YoY Change
Revenues	1,830.6	2,000.0	+169.3
Operating Income	158.3	108.0	(50.3)
Ordinary Income	179.7	117.0	(62.7)
*Net Income	126.7	82.0	(44.7)
Construction Contract Awards	1,685.9	1,740.0	+54.0
Interest-bearing Debt	344.8	340.0	(4.8)

\* Net Income Attributable to Owners of the Parent

## 2. Revenues

Billions of yen	FY17 Result	FY18 Forecast	YoY Change
Revenues	1,830.6	2,000.0	+169.3

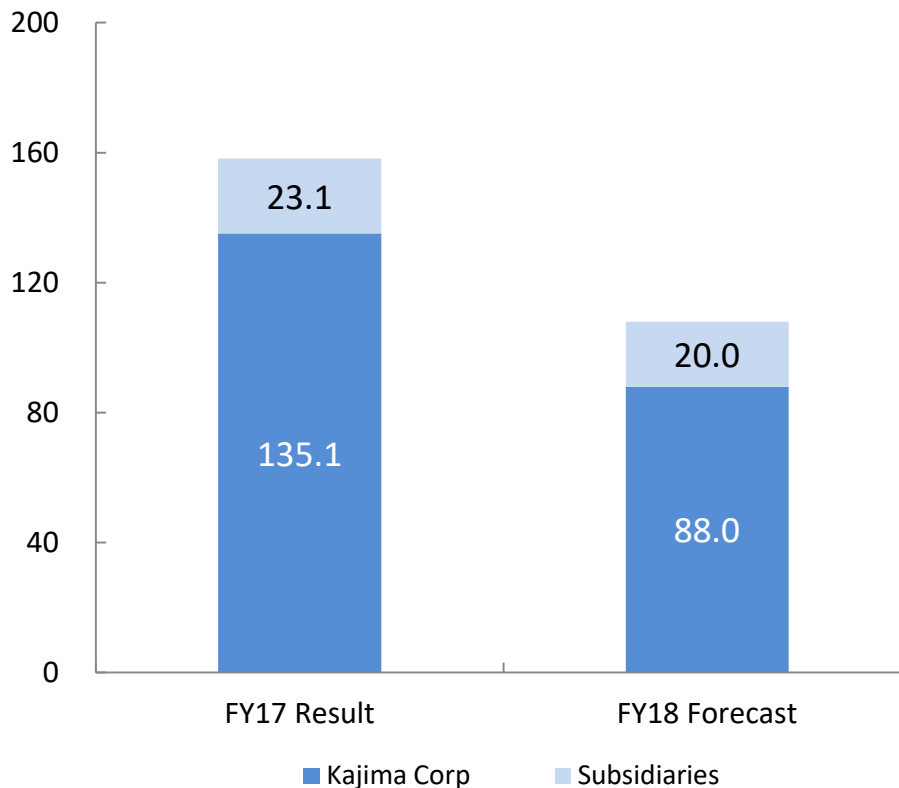


### YoY Change Factors

- Construction +164.5
- Real Estate and Other +4.8

## 2. Operating Income

Billions of yen	FY17 Result	FY18 Forecast	YoY Change
Operating Income	158.3	108.0	(50.3)

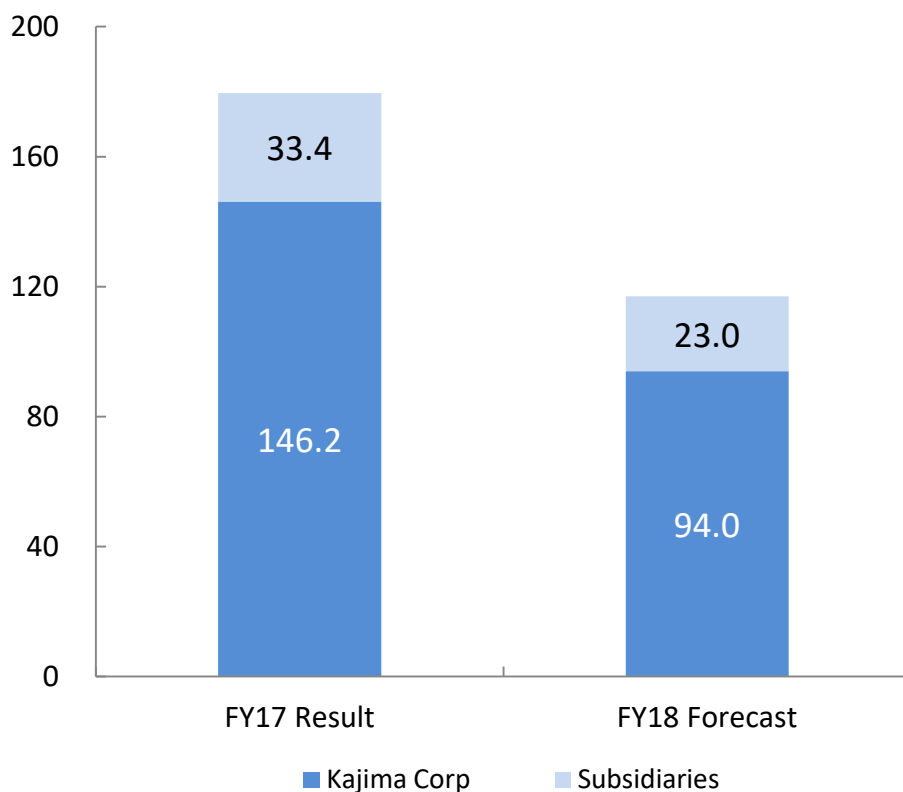


### YoY Change Factors

- Gross Profit (Construction) (43.8)
- Gross Profit (Real Estate and other) (0.1)
- SG&A (6.4)

## 2. Ordinary Income

Billions of yen	FY17 Result	FY18 Forecast	YoY Change
Ordinary Income	179.7	117.0	(62.7)

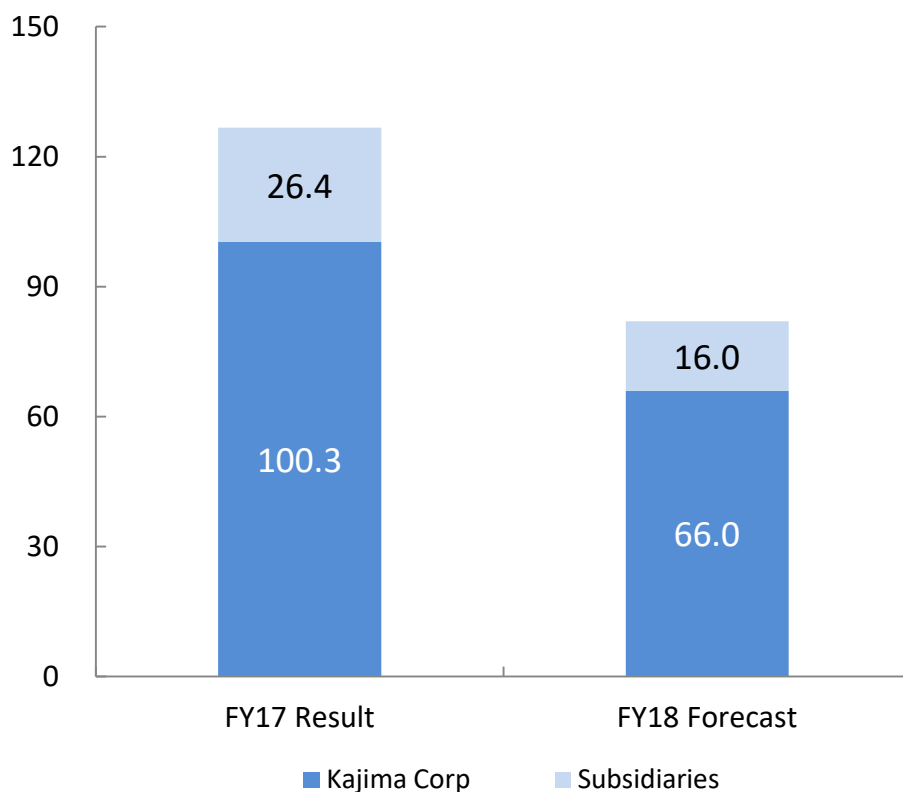


### YoY Change Factors

➤ Operating Income	(50.3)
➤ Non-operating Income - net	(12.3)
Equity in Earnings of Partnership	(1.5)
Financing Balance	(1.3)
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	(0.2)

## 2. Net Income Attributable to Owners of the Parent

Billions of yen	FY17 Result	FY18 Forecast	YoY Change
Net Income	126.7	82.0	(44.7)



### YoY Change Factors

- Ordinary Income (62.7)
- Extraordinary Income – net +4.0
- Income Taxes +14.3
- Noncontrolling Interests (0.5)

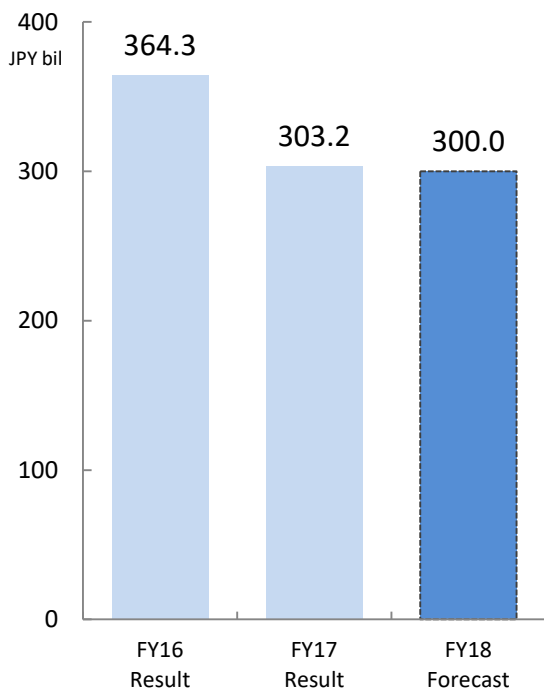
# 3. Civil Engineering (Kajima Corp)

Contracts ➤ Equivalent level

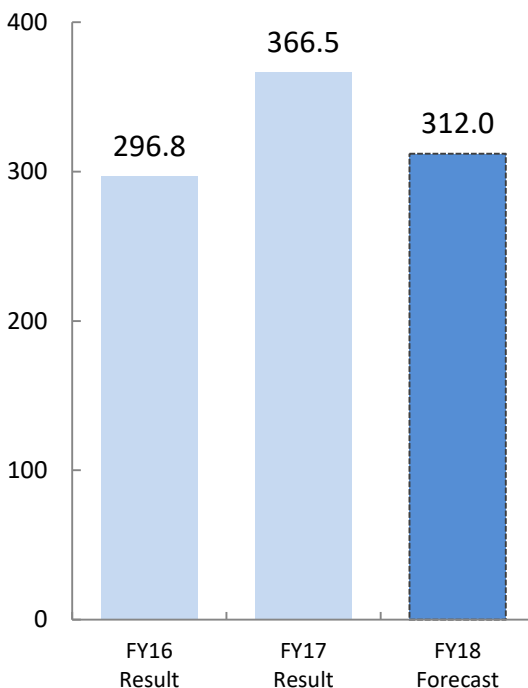
Revenues ➤ Decrease due to less backlogs

Gross Profit ➤ Forecast based on the status of backlog projects, not include uncertain change order  
 ➤ No contribution of particular overseas project to FY18 in contrast to the previous year

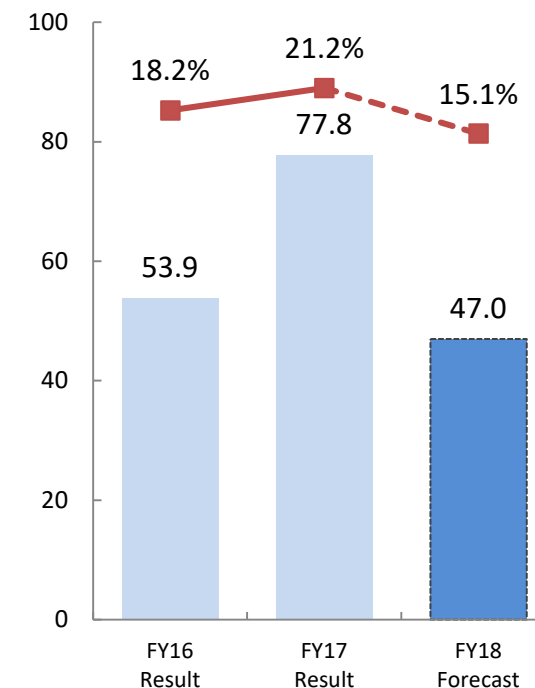
■ Contract Awards



■ Revenues



■ Gross Profit





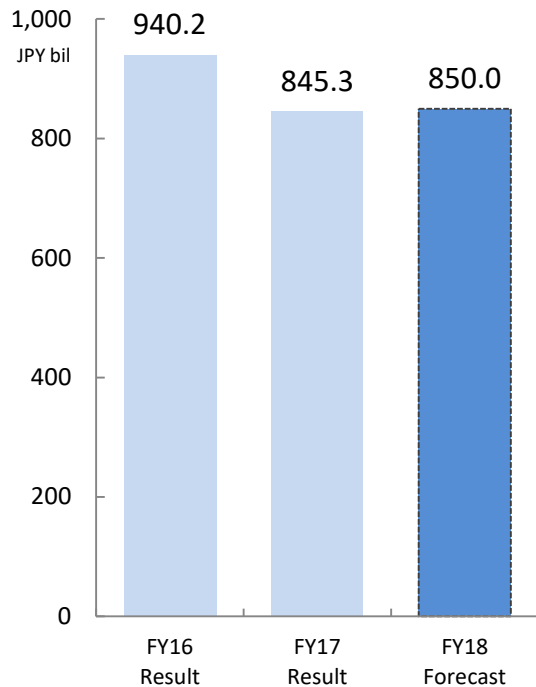
# 3. Building Construction (Kajima Corp)

Contracts ➤ Equivalent level

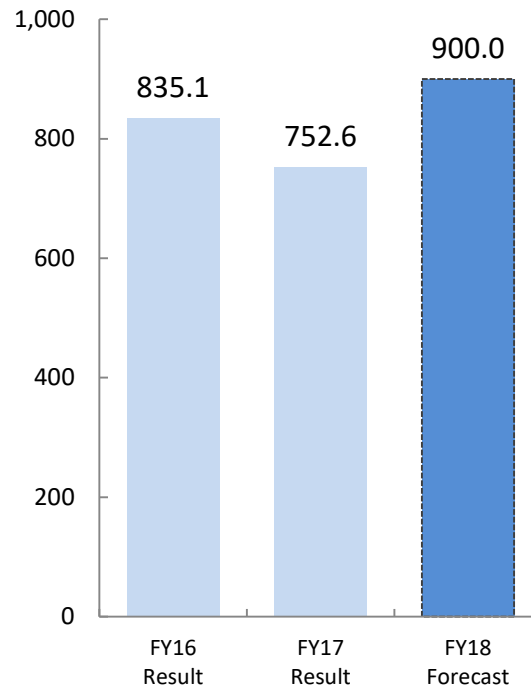
Revenues ➤ Increase along with progress of large-scale projects

Gross Profit ➤ Margin ratio achievable by self-effort, taking into account concern of cost escalation  
 ➤ Not include uncertain change order

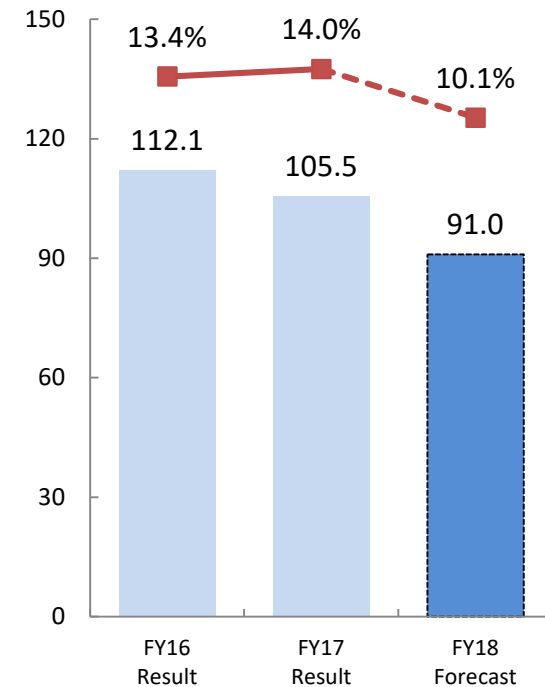
■ Contract Awards



■ Revenues



■ Gross Profit

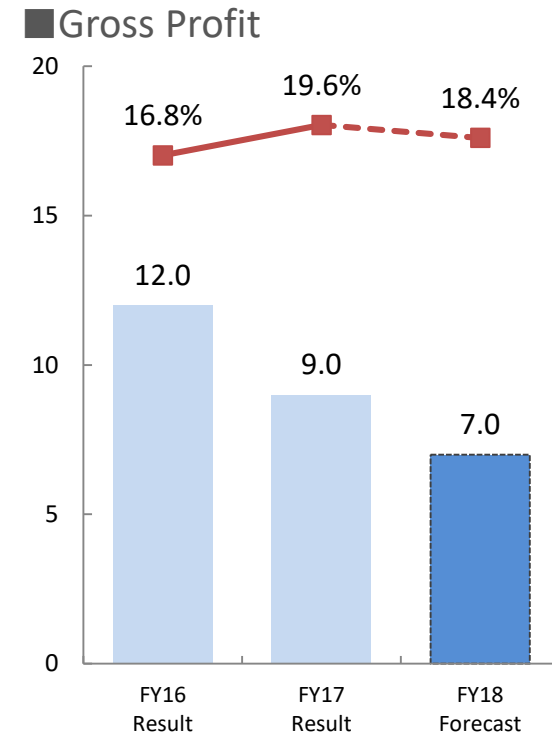
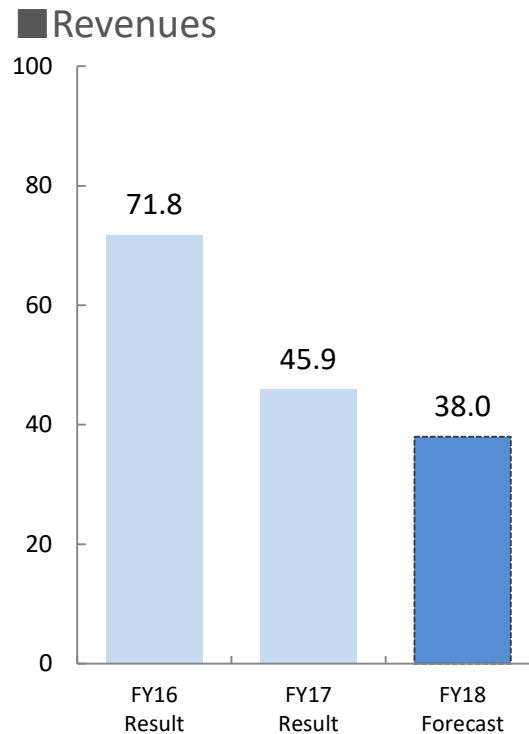
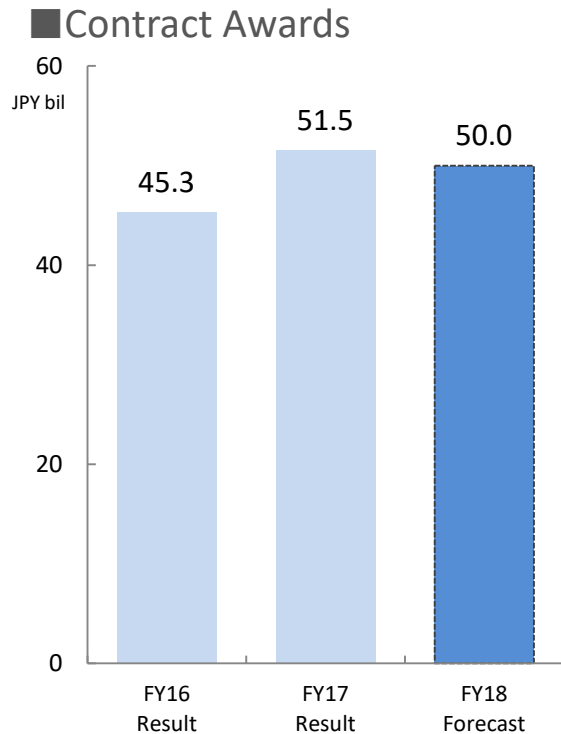


# 3. Real Estate and Other (Kajima Corp)

Contracts ➤ Equivalent level

Revenues ➤ Decrease based on the status of holding projects

Gross Profit ➤ Decrease due to decline in revenues



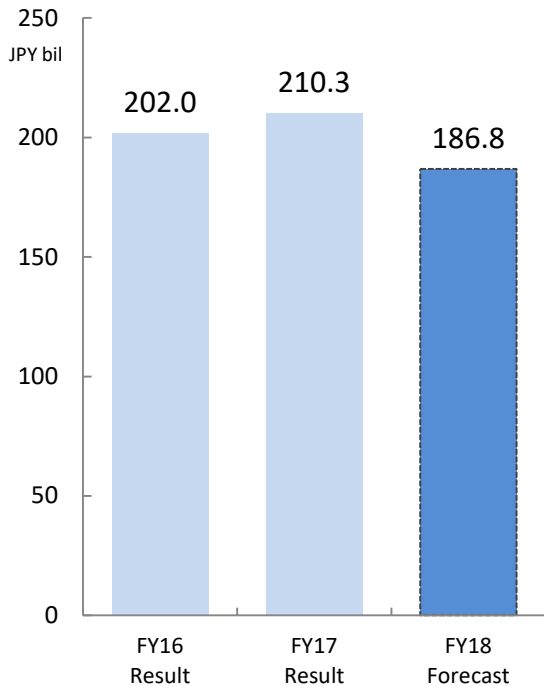
# 3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level

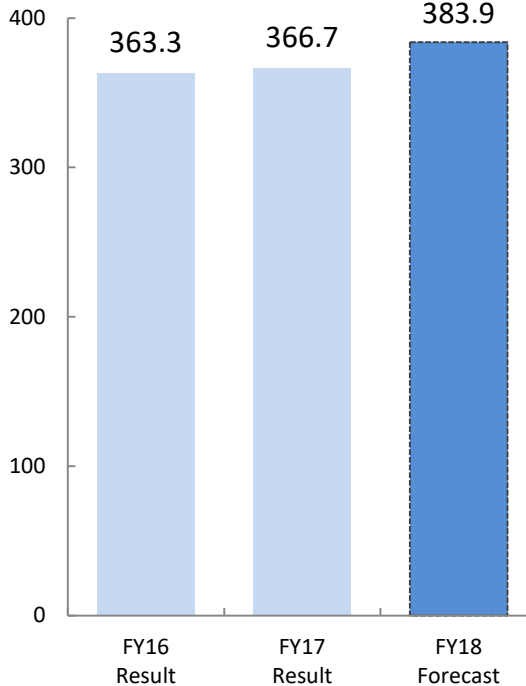
Revenues ➤ Equivalent level

Ordinary Income ➤ Decline due to decrease in gross profit and increase in SG&A

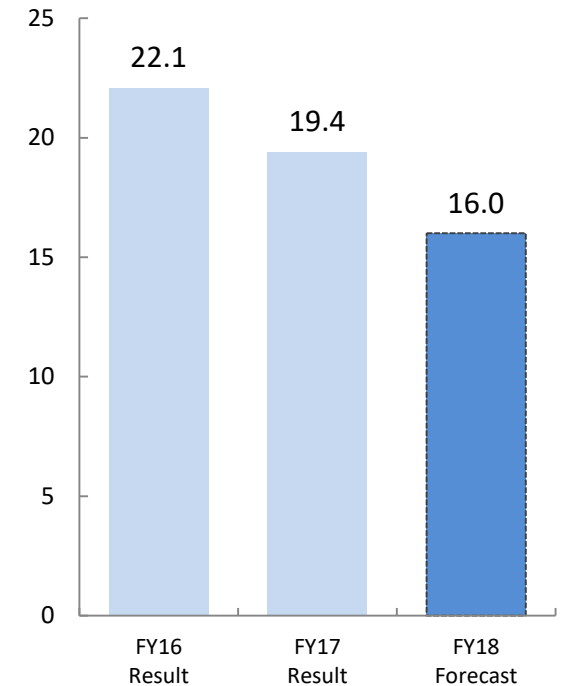
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



# 3. Overseas Subsidiaries and Affiliates

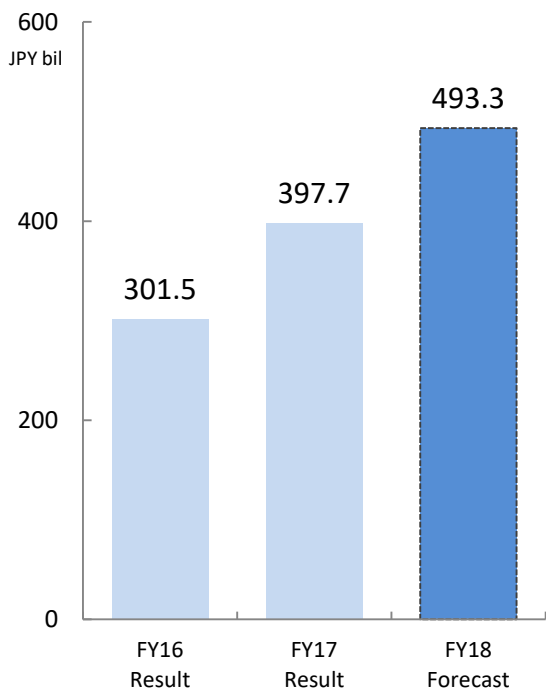
**Contracts** ➤ Increase in North America and Oceania

**Revenues** ➤ Increase due to M&A

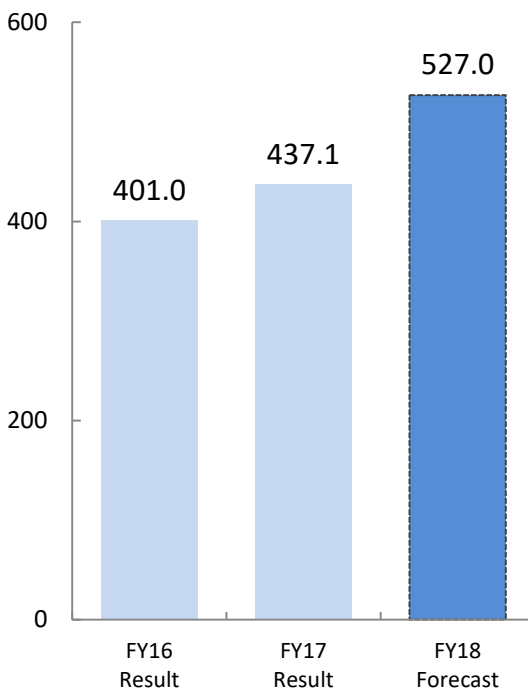
**Ordinary Income** ➤ Increase mainly due to rise of gross profit from revenues growth

**Exchange rate (JPY/USD)**  
 FY16 Result : 116  
 FY17 Result : 113  
 FY18 Forecast : 113

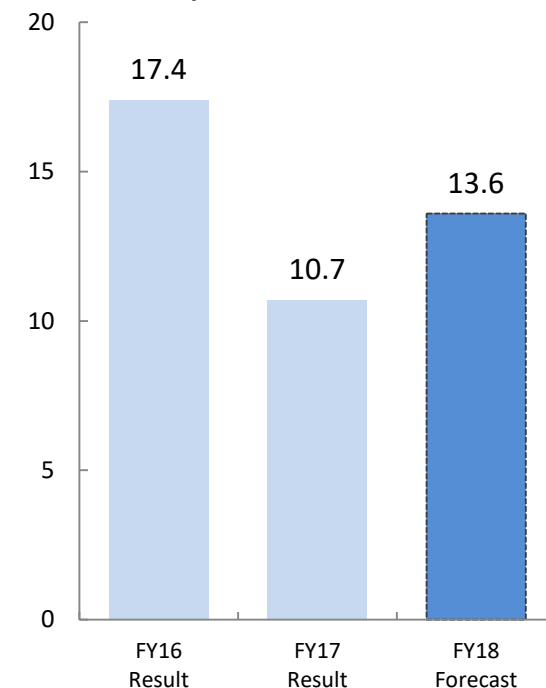
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



## 4. Dividend

Maintain the same amounts of dividend as the previous year

Yen	FY16 Result	FY17 Result	FY18 Forecast
Dividend per Share	20.00	24.00	24.00
Basic Net Income per Share	101.01	122.14	79.00
Payout Ratio	19.8%	19.6%	30.4%

**- Dividend Policy -**

Aim to distribute stable amounts of dividend with the target range of 20 to 30% payout ratio, while securing an adequate consolidated equity capital.

\* The Company plans to consolidate its shares on a one for two basis, with October 1, 2018 as the effective date.

\* The above lists the dividend per share and basic net income per share without considering the effects of the share consolidation.



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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 May 15, 2018, and are subject to risks and uncertainties that may cause the actual results to vary.