

FY2018 Financial Results

May 15, 2019



➤ Our fiscal 2018 Financial Results are as follows.

I FY2018 Results ————— **01**

II FY2019 Financial Forecast ————— **15**



FY2018 Results

(April 1, 2018 - March 31, 2019)

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

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1. Business Environment

Domestic market trends

- Stable construction demand, mainly in Metro-Tokyo area redevelopment projects and capital investments aimed at upgrading functions and saving labor
- Tightening in construction materials and labor but limited impact on construction costs

Corporate strategies

- Strengthen efforts to raise productivity and increase production capacity by utilizing ICT and leveraging Group collaboration
- Promote priority investment in domestic and overseas development projects, etc.

- First, let us review the business environment for the 2018 fiscal year.
- In the domestic construction market, construction investment remained stable, supported by redevelopment projects mainly in the Tokyo metropolitan area and capital investment for functional advancement and for labor saving in the manufacturing industry.
- Also, despite pressure on construction materials, equipment, and labor accompanying increased construction volume, the impact on construction costs remained limited.
- Under these circumstances, the Kajima Group intensified efforts to improve productivity and enhance production capacity by leveraging ICT and Group collaboration, based on the Medium-Term Business Plan started in fiscal 2018. It also made priority investments in domestic and overseas real estate development projects.

2. Financial Highlights

Lower income than the high level achieved in FY17.
Results exceeded full-year forecast.

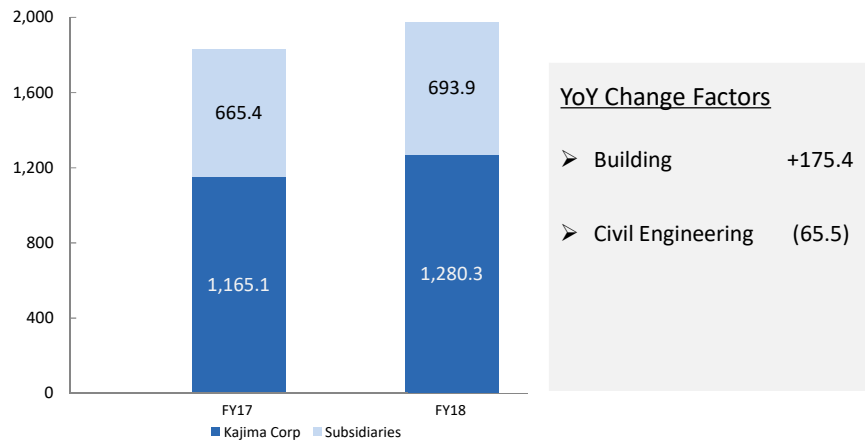
Billions of yen	FY17 Result	FY18 Result	YoY Change	FY18 -Forecast
Revenues	1,830.6	1,974.2	143.6	1,960.0
Operating Income	158.3	142.6	(15.7)	120.0
Ordinary Income	179.7	162.9	(16.8)	134.0
-2 Net Income	126.7	109.8	(16.9)	97.0
Construction Contract Awards	1,685.9	2,010.1	324.1	1,780.0
Interest-bearing Debt	344.8	298.7	(46.1)	340.0

*1 Announced on Nov 13, 2018 *2 Net Income Attributable to Owners of the Parent

- Here are the consolidated financial highlights.
- Although revenues increased year on year, profits were down.
- Construction contract awards rose both domestically and overseas and increased year on year. Interest-bearing debt decreased from the end of the previous fiscal year.

2. Revenues

Billions of yen	FY17 Result	FY18 Result	YoY Change	Change from Forecast
Revenues	1,830.6	1,974.2	143.6	+14.2

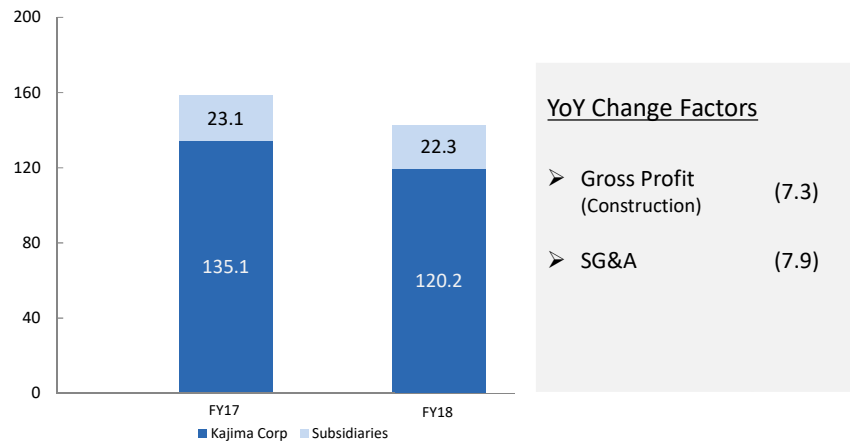


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- Let us take a look at some of the details.
- Revenues increased 143.6 billion yen year on year to 1,974.2 billion yen.
- The key factor was growth in building construction at Kajima Corporation.

2. Operating Income

Billions of yen	FY17 Result	FY18 Result	YoY Change	Change from Forecast
Operating Income	158.3	142.6	(15.7)	+22.6



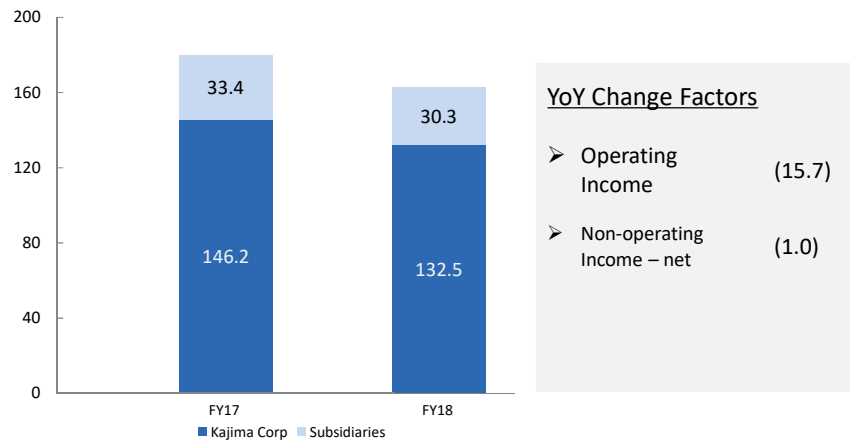
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- Operating income decreased 15.7 billion yen year on year to 142.6 billion yen.
- The previous fiscal year's high level of profits were driven by temporary factors for Kajima Corporation's civil engineering business. Also, higher SG & A expenses due to increased R & D expenses and mergers and acquisitions (M&A) attributed to the decline in fiscal 2018.

2. Ordinary Income

Billions of yen	FY17 Result	FY18 Result	YoY Change	Change from Forecast
Ordinary Income	179.7	162.9	(16.8)	+28.9



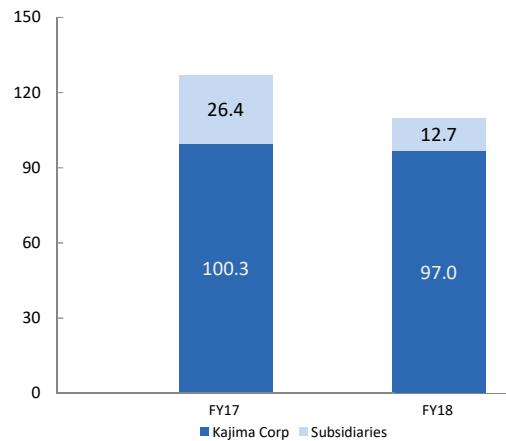
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- Ordinary income was down 16.8 billion yen year on year to 162.9 billion yen, mainly due to a decrease in operating income.

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY17 Result	FY18 Result	YoY Change	Change from Forecast
Net Income	126.7	109.8	(16.9)	+12.8

* Net Income Attributable to Owners of the Parent



YoY Change Factors

➤ Ordinary Income	(16.8)
➤ Extraordinary Income - net	(3.3)
➤ Income Taxes	+3.7
➤ Noncontrolling Interests	(0.5)

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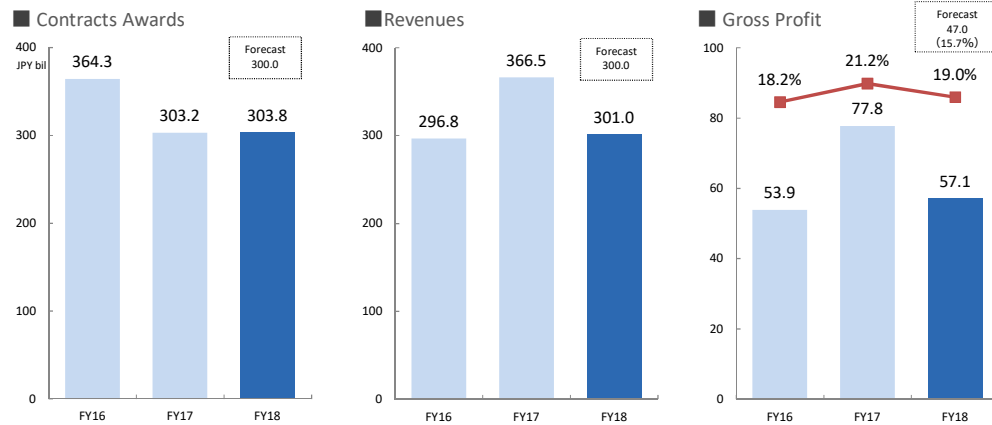
- As a result, net income attributable to owners of the parent decreased 16.9 billion yen year on year to 109.8 billion yen.
- In connection with the suspected violation of Japan's Antimonopoly Act concerning the determination of the sales price of the asphalt mix sold nationwide by our subsidiary Kajima Road Co., Ltd., 8.7 billion yen of provision for loss on Anti-Monopoly Act was recorded.

3. Civil Engineering (Kajima Corp)

Contracts ➤ Equivalent level to previous fiscal year

Revenues ➤ Lower than FY17, when temporary factors drove increases both in domestic and overseas

Gross Profit ➤ Higher margin than forecast



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➤ Now let us present the results for each business segment. First, Civil Engineering at Kajima Corporation.

➤ Contract awards came to 303.8 billion year, an equivalent level to the previous fiscal year.

➤ Revenues were 301.0 billion yen, a decrease of 65.5 billion yen year on year.

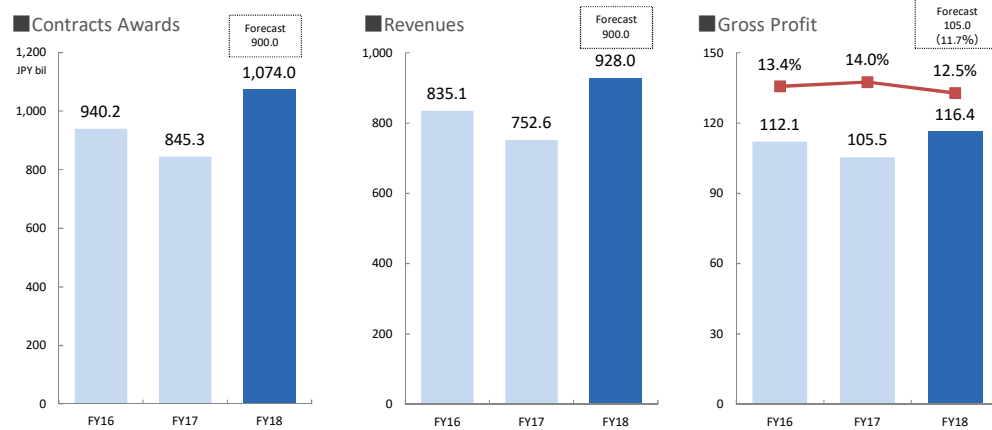
➤ Gross profit was 57.1 billion yen, a decrease of 20.7 billion year on year. Although revenues and gross profit decreased compared with the previous fiscal year when they received a temporary boost, the gross profit margin was 19.0%, exceeding the forecast.

3. Building Construction (Kajima Corp)

Contracts ➤ Increase due to contract awards for Metro-Tokyo area redevelopment projects

Revenues ➤ Steady progress in large-scale backlog projects

Gross Profit ➤ Higher margin than forecast by pursuing improvement of productivity and cost reduction, as well as the limited increase in construction costs



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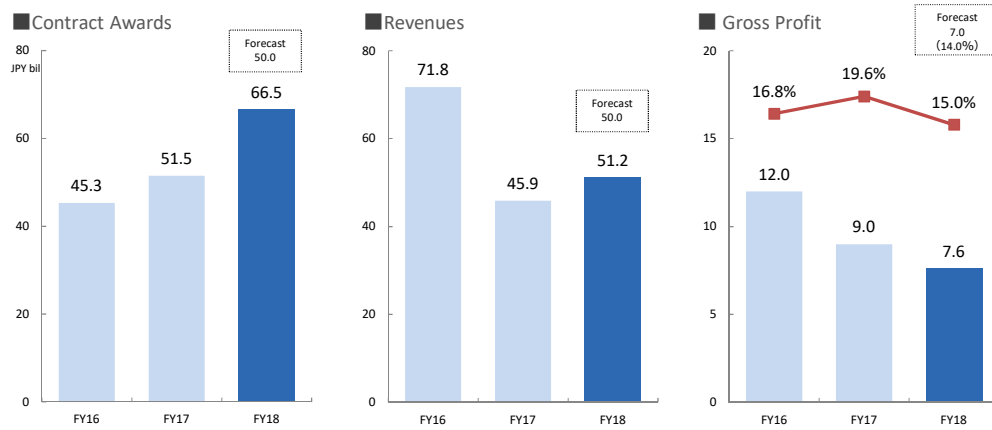
- Next, let us look at Building Construction at Kajima Corporation.
- Contracts came to 1,074.0 billion yen, an increase of 228.7 billion year on year. Contracts exceeded 1 trillion yen mainly due to multiple orders for redevelopment projects in the Tokyo metropolitan area and early orders received before the consumption tax increase.
- Revenues came to 928.0 billion yen, an increase of 175.4 billion yen year on year. The main factors were large construction projects on hand that were in the initial stage of construction as of the end of the previous fiscal year, but entered the full-scale construction stage in fiscal 2018.
- Gross profit was 116.4 billion yen, an increase of 10.9 billion yen year on year due to higher revenues. The profit margin was 12.5%, exceeding the initial forecast due to a limited increase in construction costs and efforts to raise productivity and reduce costs.

3. Real Estate and Other (Kajima Corp)

Contracts ➤ Disposition of assets to Kajima Private REIT, Inc.
Decision to sell an office building under development

Revenues ➤ Increase due to disposition of assets to Kajima Private REIT, Inc.

Gross Profit ➤ Higher than forecast profit



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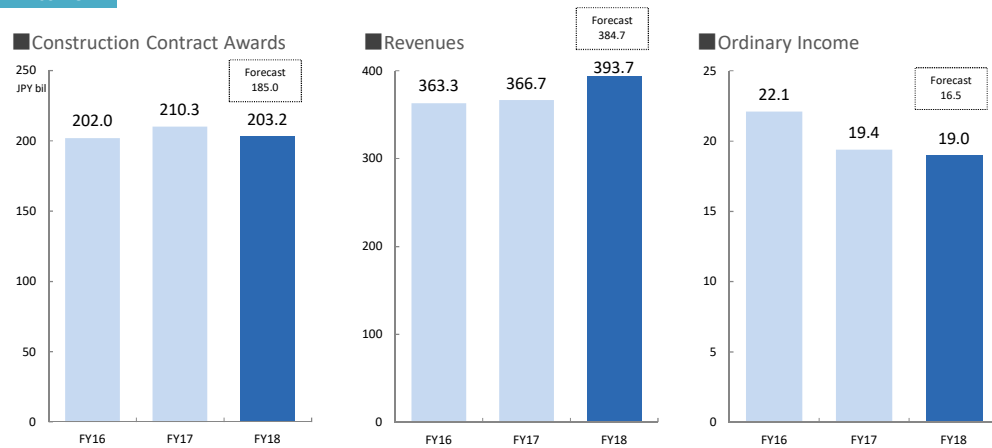
- Next, let us look at Real Estate and Other business at Kajima Corporation.
- Contracts came to 66.5 billion yen.
Because of disposition of assets to Kajima private REIT and the decision to sell an office building under development, results exceeded the forecast.
- Revenues came to 51.2 billion yen, an increase of 5.2 billion yen year on year.
The main factor for the increase was the disposition of assets to the private REIT set forth above.
- Gross profit came to 7.6 billion yen, a result that exceeded the forecast.

3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level to FY17

Revenues ➤ Increase due to progress in large-scale backlog projects

Ordinary Income ➤ Equivalent level to FY17



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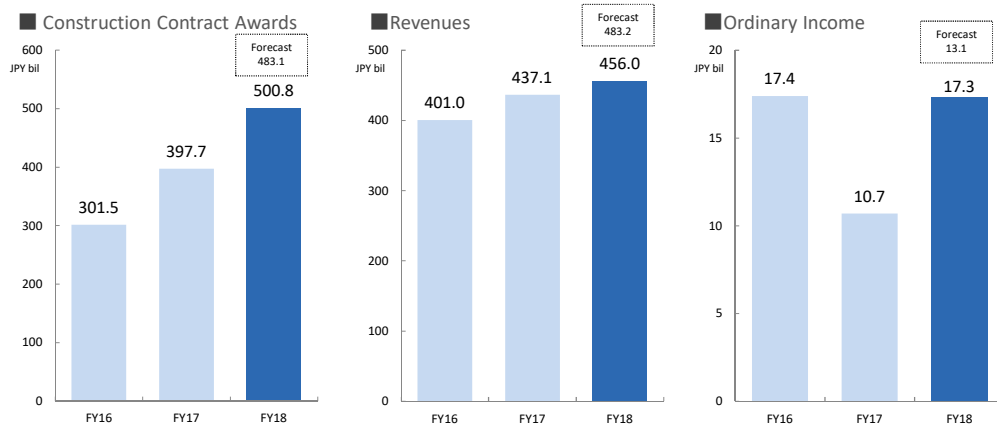
- Next, let us look at Domestic Subsidiaries and Affiliates.
- Construction contract awards came to 203.2 billion yen, an equivalent level to the previous fiscal year.
- Revenues were 393.7 billion yen, an increase of 27.0 billion yen year on year. The main factors behind the increase were progress made in large-scale interior works, road paving works, and increased sales of equipment and materials.
- Ordinary income was flat year on year, at 19.0 billion yen.

3. Overseas Subsidiaries and Affiliates

Contracts ➤ Increase mainly due to increase in U.S.

Revenues ➤ Increase mainly due to effect of M&A

Ordinary Income ➤ Significant increase due to higher revenues, improvement of margin in construction business and disposition of assets (including non-operating income)



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- Next, let us look at Overseas Subsidiaries and Affiliates.
- Construction contract awards came to 500.8 billion yen, an increase of 103.0 billion yen year on year, which was mainly due to new contracts for large-scale projects and the effects of M&A in North America.
- Revenues came to 456.0 billion yen, an increase of 18.8 billion yen year on year, mainly due to the effects of M&A.
- Ordinary income was 17.3 billion yen, a significant increase. This was driven by higher revenues, an improved profit margin for Building Construction, and the disposition of assets.

4. Financial Positions

Billions of yen	FY17 Result	FY18 Result	YoY Change	FY18 Forecast
Total Assets	2,051.2	2091.1	+39.9	—
Interest-bearing Debt	344.8	298.7	(46.1)	340.0
Owners' Equity	666.0	753.2	+87.2	—
Owners' Equity Ratio	32.5%	36.0%	+3.5pt	—
ROE	20.9%	15.5%	(5.4pt)	—

*1 Announced on Nov 13, 2018

- Financial position as of the end of fiscal 2018.
- Owners' equity is steadily accumulating due to strong results.
- ROE was 15.5%.

5. Investment Plan

- Medium-Term Business Plan: Investment of ¥500 billion over 3 years
 - Prioritize investment in domestic and overseas real estate development
 - Rigorously measure investment efficiency and risk management with an awareness of capital costs

(¥ billion)

	FY2018 Result	3-year Plan (FY18-FY20)
■ Domestic/Overseas real estate development	68.0	400.0
Domestic	35.0	160.0
Overseas	33.0	240.0
■ R&D Investment	15.0	50.0
■ Strengthen competitiveness/ Invest in sustainable growth	26.0	50.0

- Next, let us look at the progress of the investment plan.
- We plan to invest 500.0 billion yen over three years under the Medium-Term Business Plan.
In FY18, we invested 68.0 billion yen in domestic and overseas real estate development, 15.0 billion yen in R&D, and 26.0 billion yen to strengthen competitiveness and sustain growth.



FY2019 Forecast

(April 1, 2019 - March 31, 2020)

1. Business Environment
2. Financial Highlights
3. Segment Performance
4. Shareholder Returns

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➤ Next is the financial forecast for the 2019 fiscal year.

1. Business Environment

Domestic market outlook

- Stable due to firm construction demand in private sector and increase in national resilience-related public investments
- Need to monitor global economic slowdown and its impact on Japanese economy
- Concern over construction cost escalation along with continued pressure of work and tight demand and supply

Corporate strategies

- Reinforce creation of next-generation construction systems
- Promote Kajima Group work-style reform aiming to acquire future construction workers
- Reinforce initiatives in promising markets and fields and construction-related business by leveraging the Kajima Group's strengths

- First, let us look at the business environment outlook.
- In the domestic construction market, we expect the business environment to remain stable for the time being, but we are closely monitoring the global economic slowdown and its impact on the Japanese economy.
We are also concerned about the escalation in construction costs.
- In light of this outlook, we followed up on the Medium-Term Business Plan, by verifying its progress and adding measures to achieve it, and strive to steadily implement the Plan.

2. Financial Highlights

Higher net income than target of Medium-Term Business Plan

Billions of yen	FY18 Result	FY19 Forecast	YoY Change
Revenues	1,974.2	2,040.0	+65.7
Operating Income	142.6	118.5	(24.1)
Ordinary Income	162.9	127.0	(35.9)
* Net Income	109.8	90.0	(19.8)
Construction Contract Awards	2,010.1	1,760.0	(250.1)
Interest-bearing Debt	298.7	330.0	+31.2

* Net Income Attributable to Owners of the Parent

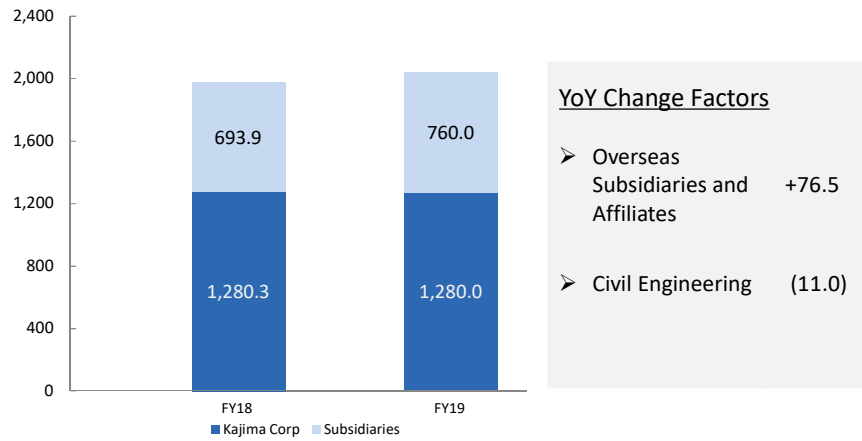
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- These are the financial forecast highlights.
- Although revenues growth and profit decline are expected, we have set a level that exceeds the net income target of 80.0 billion yen targeted in the Medium-Term Business Plan.
- We expect a decline in construction contract awards for building construction at Kajima Corporation and overseas subsidiaries and affiliates.
- We expect interest-bearing debt of 330.0 billion yen.

2. Revenues

Billions of yen	FY18 Result	FY19 Forecast	YoY Change
Revenues	1,974.2	2,040.0	+65.7

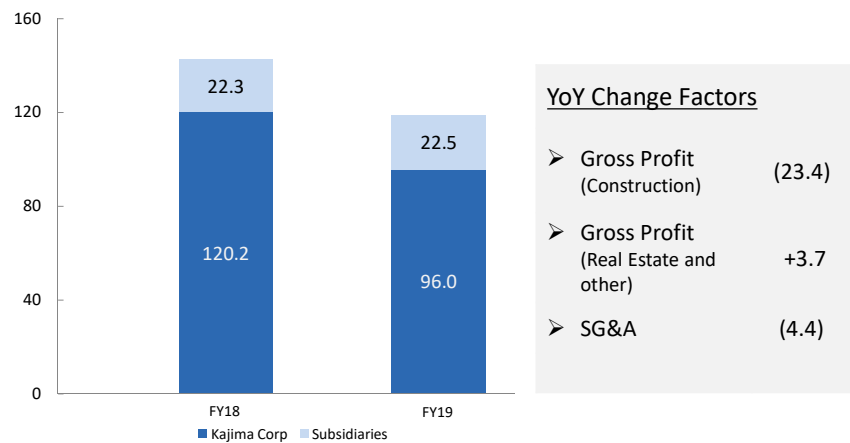


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- Let us look at some of the details.
- We expect revenues of 2,040.0 billion yen, an increase of 65.7 billion yen from fiscal 2018.
- We expect the revenues of overseas subsidiaries and affiliates that had high level contracts in fiscal 2018 to increase.

2. Operating Income

Billions of yen	FY18 Result	FY19 Forecast	YoY Change
Operating Income	142.6	118.5	(24.1)

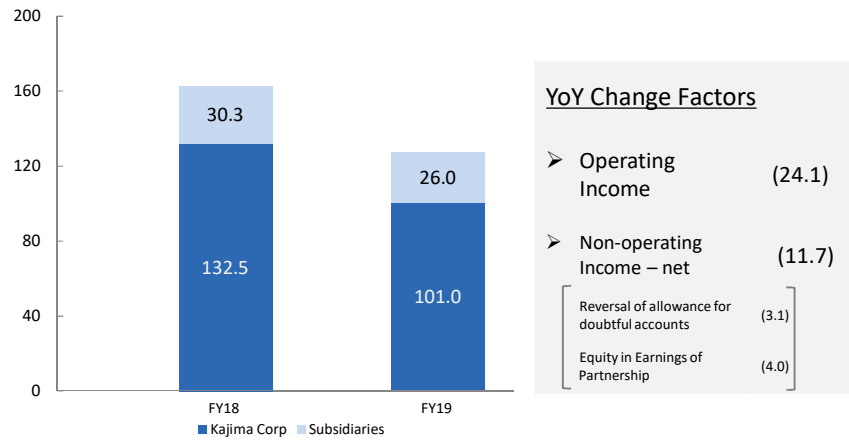


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- We forecast operating income of 118.5 billion yen, a 24.1 billion yen decrease from fiscal 2018.
- We are concerned about rising construction costs accompanying tight supply and demand and have set a level that can be secured by our own efforts.
- SG & A expenses are expected to exceed those of fiscal 2018 due to higher R & D expenses.

2. Ordinary Income

Billions of yen	FY18 Result	FY19 Forecast	YoY Change
Ordinary Income	162.9	127.0	(35.9)



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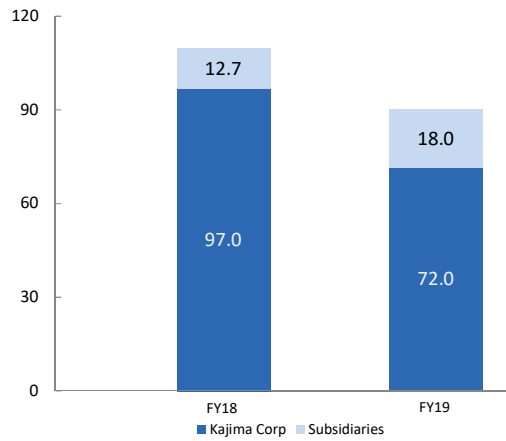
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- We anticipate ordinary income of 127.0 billion yen, a decrease of 35.9 billion yen from fiscal 2018.
- We expect non-operating income to decrease in fiscal 2019 compared with the previous fiscal year due to a reversal of allowance for doubtful accounts and the disposition of off-balance sheet properties in fiscal 2018.

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY18 Result	FY19 Forecast	YoY Change
Net Income	109.8	90.0	(19.8)

* Net Income Attributable to Owners of the Parent



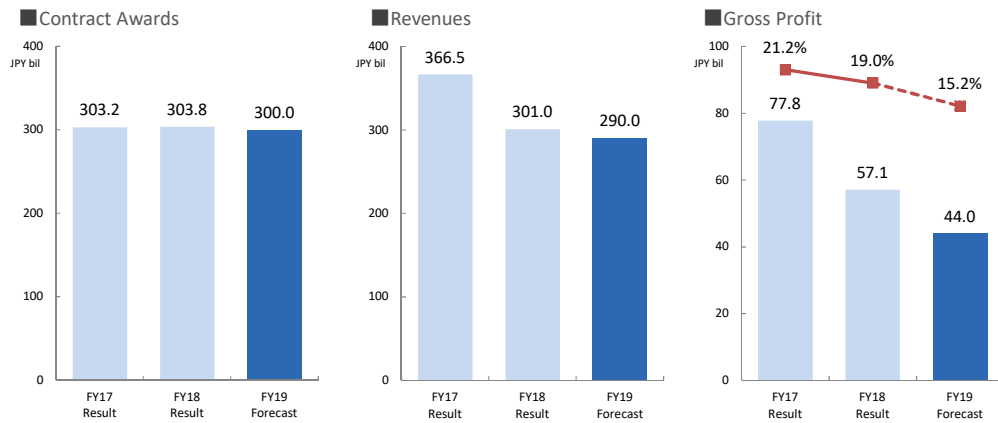
YoY Change Factors

➤ Ordinary Income	(35.9)
➤ Extraordinary Income - net	+5.9
➤ Income Taxes	+9.9
➤ Noncontrolling Interests	+0.1

- We expect net income of 90.0 billion yen, a decrease of 19.8 billion yen from fiscal 2018.

3. Civil Engineering (Kajima Corp)

- Contracts** ➤ Equivalent level to FY18
- Revenues** ➤ Equivalent level to FY18
- Gross Profit** ➤ Forecast based on the status of backlog projects, etc.
➤ Uncertain change orders not included



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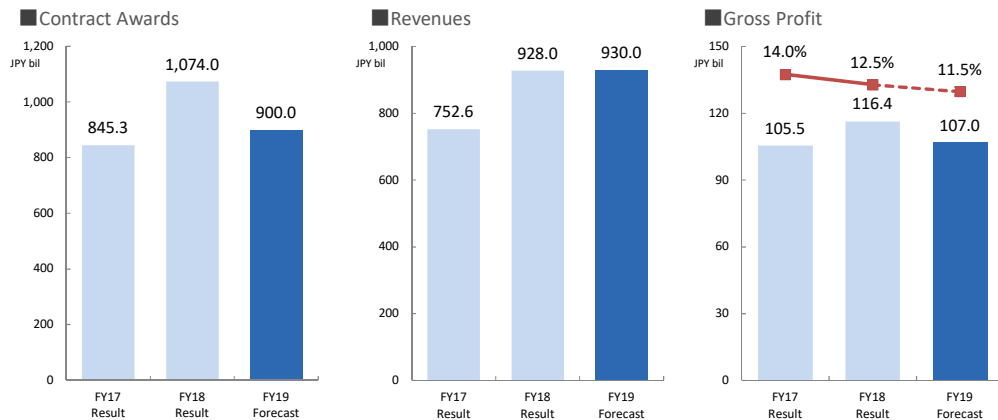
- Now, we will present the forecasts for each business segment. First, let us look at Civil Engineering at Kajima Corporation.
- We expect contracts to be 300.0 billion yen, an equivalent level to fiscal 2018.
- We anticipate revenues to be 290.0 billion yen, an equivalent level to fiscal 2018.
- We expect gross profit to be 44.0 billion yen. The forecasted gross profit margin is set at 15.2% based on the backlog project status.

3. Building Construction (Kajima Corp)

Contracts ➤ Decrease from the high level achieved in FY18

Revenues ➤ Equivalent level to FY18

Gross Profit ➤ Achievable level through self-effort, taking into account concerns over cost escalation
 ➤ Uncertain change orders not included



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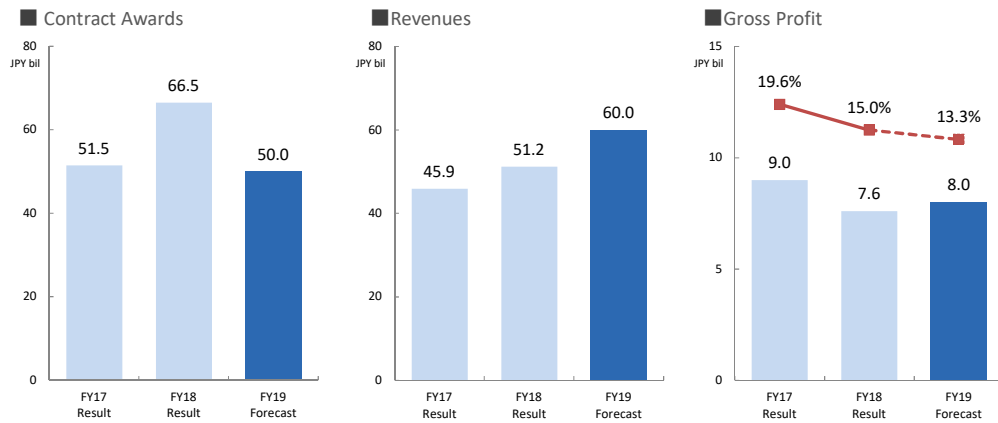
- Next, let's look at Building Construction at Kajima Corporation.
- We expect contracts to be 900.0 billion yen, a decrease from the high level of fiscal 2018.
- We expect revenues to be 930.0 billion yen, an equivalent level to fiscal 2018, based on continued busy conditions mainly for large-scale projects in the Tokyo metropolitan area.
- We anticipate gross profit of 107.0 billion yen and a gross profit margin of 11.5%. Based on concerns of cost escalation, we have set a level that we can secure with own efforts. Also, the reason for the higher profit ratio compared to the initial forecast of fiscal 2018 is because a certain amount of improvement is expected in the profit ratio during construction due to thorough front loading prior to order receipt and productivity improvement.

3. Real Estate and Other (Kajima Corp)

Contracts ➤ Decrease from the high level achieved in FY18

Revenues ➤ Increase based on the status of holding projects and properties

Gross Profit ➤ Increase due to higher revenues



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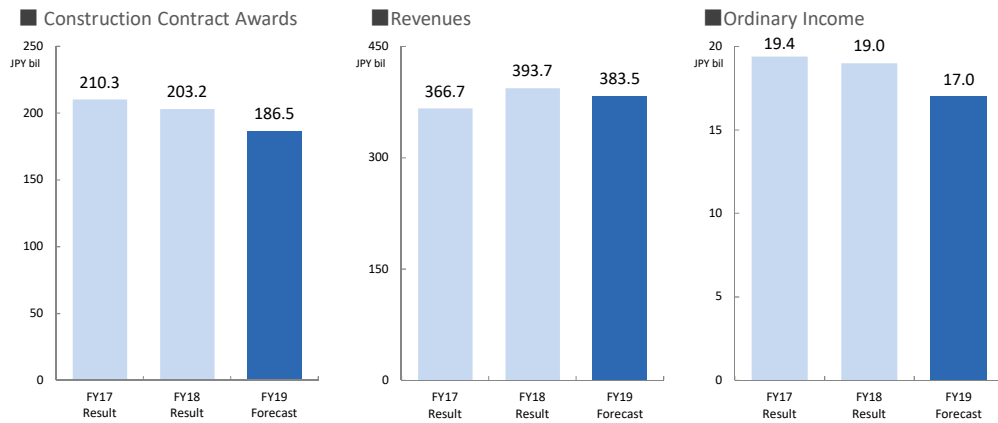
- Next, let us look at Real Estate and Other business at Kajima Corporation.
- We expect contracts to be 50.0 billion yen, revenues 60.0 billion yen, and gross profit 8.0 billion yen.
- Contracts declined from a high point in fiscal 2018, but revenues and gross profit are expected to increase.

3. Domestic Subsidiaries and Affiliates

Contracts ➤ Lower than FY18 mainly due to decrease in road paving projects

Revenues ➤ Equivalent level to FY18

Ordinary Income ➤ Equivalent level to FY18



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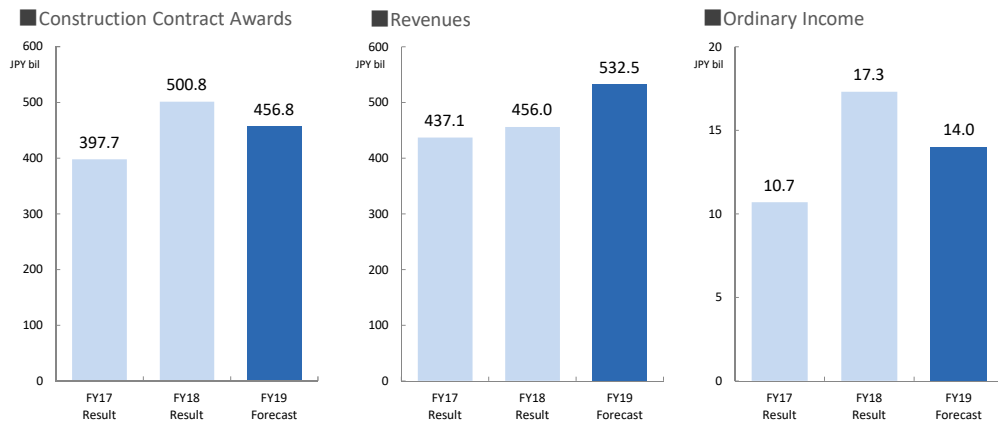
- Next, let us look at Domestic Subsidiaries and Affiliates.
- Construction contract awards are expected to be 186.5 billion yen, down from fiscal 2018.
- Revenues and ordinary income are expected to be 383.5 billion yen and 17.0 billion yen, respectively, equivalent levels to fiscal 2018.

3. Overseas Subsidiaries and Affiliates

Contracts ➤ Decrease from the high level achieved in FY18

Revenues ➤ Forecast to increase, taking into account an increase in backlog projects

Ordinary Income ➤ Decrease from FY18 disposition of various development projects contributed



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- Next, let us look at Overseas Subsidiaries and Affiliates.
- Construction contract awards are expected to be 456.8 billion yen. Despite a decline from fiscal 2018, we expect to maintain a relatively high level.
- Based on the high level of construction contract awards in fiscal 2018, we expect revenues to be 532.5 billion yen.
- Operating income is expected to exceed that of fiscal 2018, but ordinary income is expected to be 14.0 billion yen due to a decrease in non-operating income.

4. Shareholder Returns

Year-end dividend revised up ¥2 per share. Equivalent level in FY19
Plan share buyback up to a maximum of ¥10.0 billion in FY19

Yen	FY17 +1Result	FY18 Result	FY18 +2Forecast	FY19 +3Forecast
Dividend per Share	48.00	50.00	48.00	50.00
Basic Net Income per Share	244.29	211.67	186.92	173.44
Payout Ratio	19.6%	23.6%	25.7%	28.8%

*1 The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the figures for FY2017 and FY2018 are calculated as if the consolidation of shares had been conducted at the beginning of FY2017.
*2 Announced on Nov 13, 2018.
*3 The Company resolved matters related to acquisition of its own shares (upper limit of 8 million shares or 10 billion yen), at the Board of Directors' Meeting held on May 15, 2019. However, the figures of FY2019 do not reflect the outcome of the acquisition.

- Policy on Shareholder Returns -

Aim to distribute stable amounts of dividend with a target range of a 20% to 30% payout ratio, while securing adequate consolidated equity capital, as well as to provide shareholder returns with consideration of business performance, financial condition and business environment.

- Next, let us look at shareholder returns.
- We plan to increase our year-end per share dividend for fiscal 2018 by 2 yen, for an annual dividend of 50 yen after share consolidation. This marks an increase of 2 yen per share compared with the previous fiscal year.
- Our dividend forecast for fiscal 2019 is 50 yen per share, the same as in fiscal 2018. A payout ratio of 28.8% is expected.
- In addition, we plan share buyback up to a maximum of 10.0 billion yen of treasury stock to enhance shareholder returns and improve capital efficiency. Our shareholder return policy is described above.



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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, 2019, and are subject to risks and uncertainties that may cause the actual results to vary.