

FY2018 Financial Results

May 15, 2019



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

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.

2. Financial Highlights

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

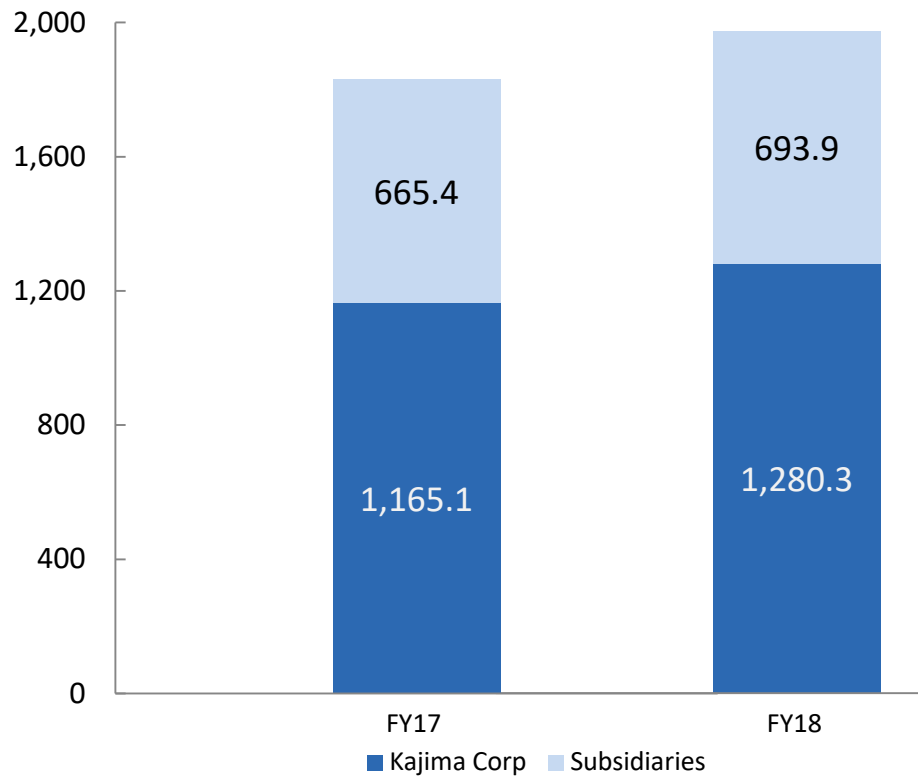
Billions of yen	FY17 Result	FY18 Result	YoY Change	FY18 ^{*1} Forecast
Revenues	1,830.6	1,974.2	143.6	1,960.0
Operating Income	158.3	142.6	(15.7)	120.0
Ordinary Income	179.7	162.9	(16.8)	134.0
^{*2} Net Income	126.7	109.8	(16.9)	97.0
Construction Contract Awards	1,685.9	2,010.1	324.1	1,780.0
Interest-bearing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

^{*1} Announced on Nov 13, 2018

^{*2} Net Income Attributable to Owners of the Parent

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

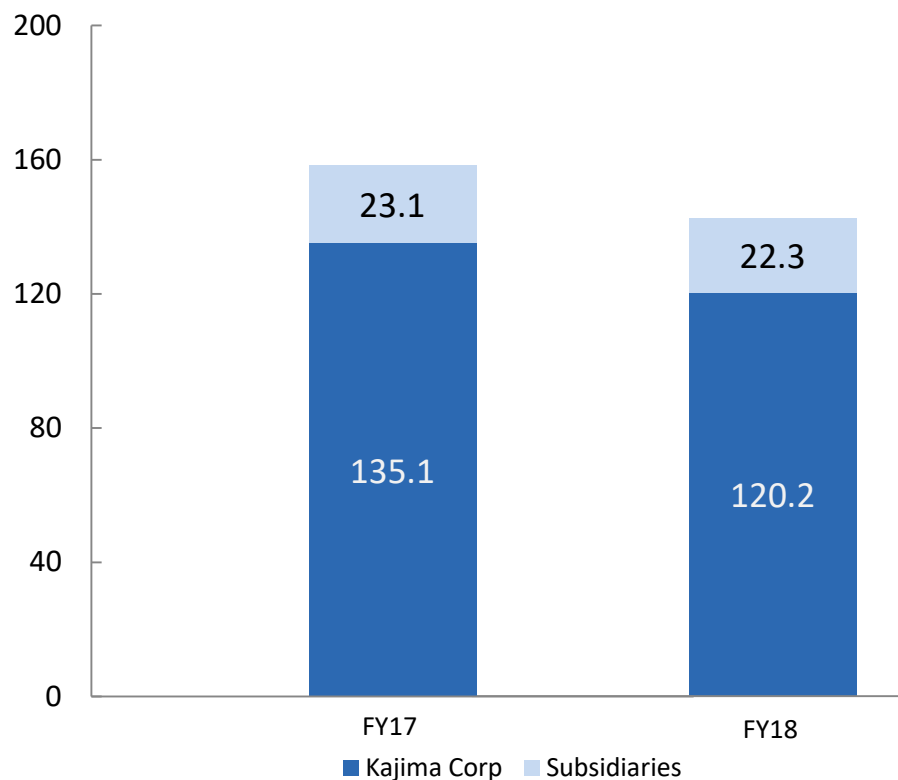


YoY Change Factors

- Building +175.4
- Civil Engineering (65.5)

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

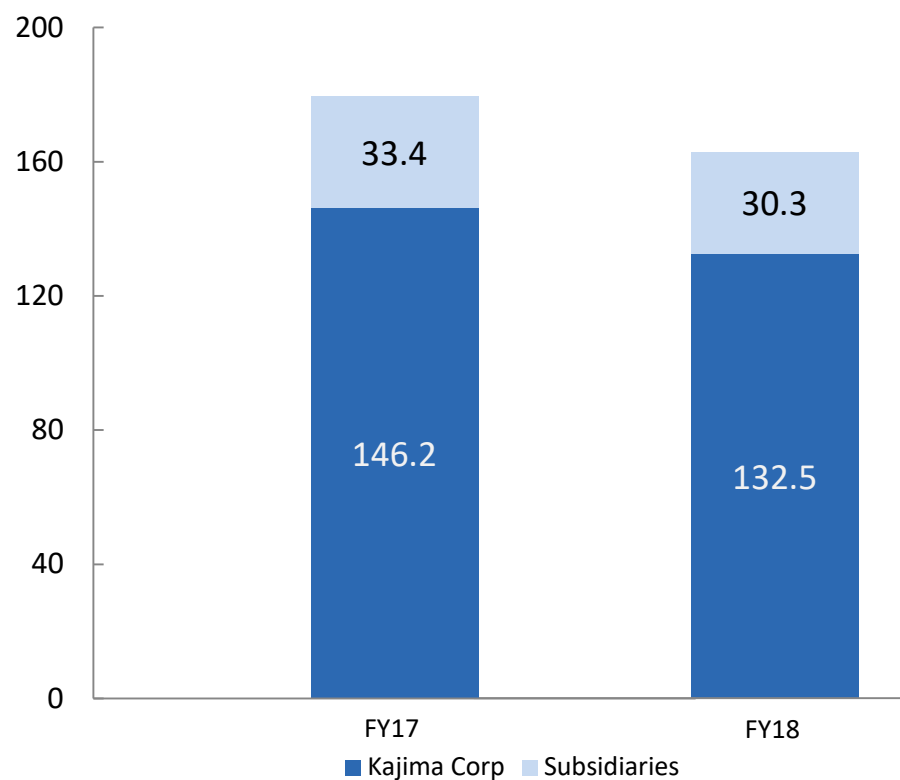


YoY Change Factors

- Gross Profit (Construction) (7.3)
- SG&A (7.9)

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



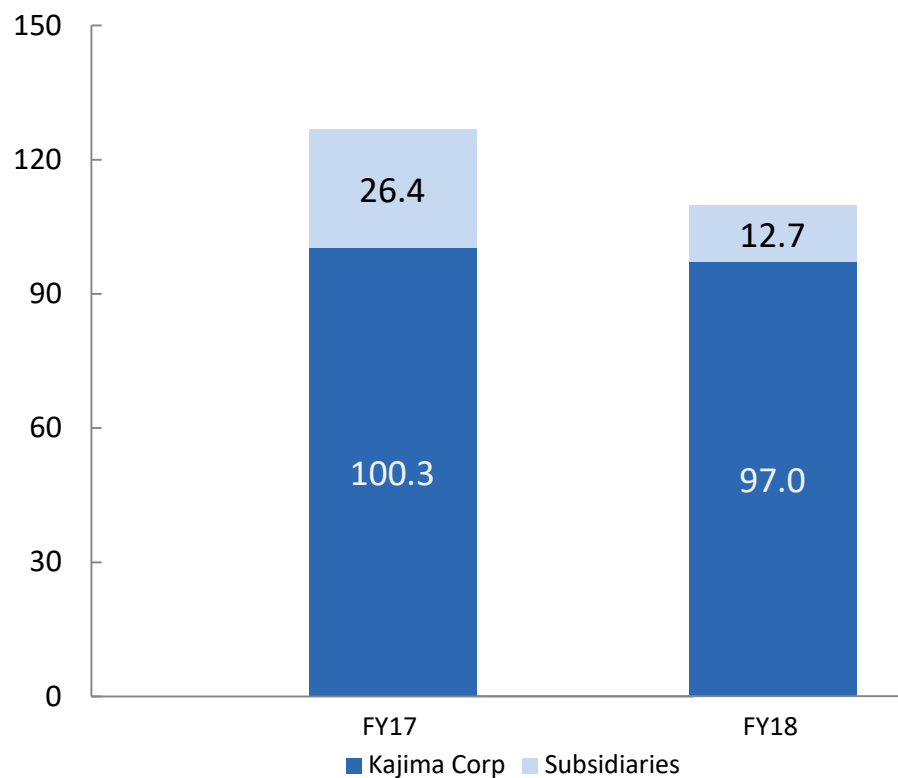
YoY Change Factors

- Operating Income (15.7)
- Non-operating Income – net (1.0)

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)

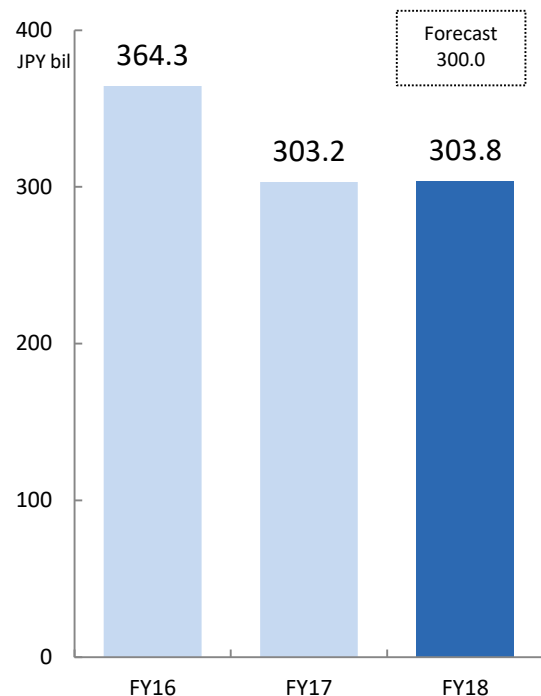
3. Civil Engineering (Kajima Corp)

Contracts ➤ Equivalent level to previous fiscal year

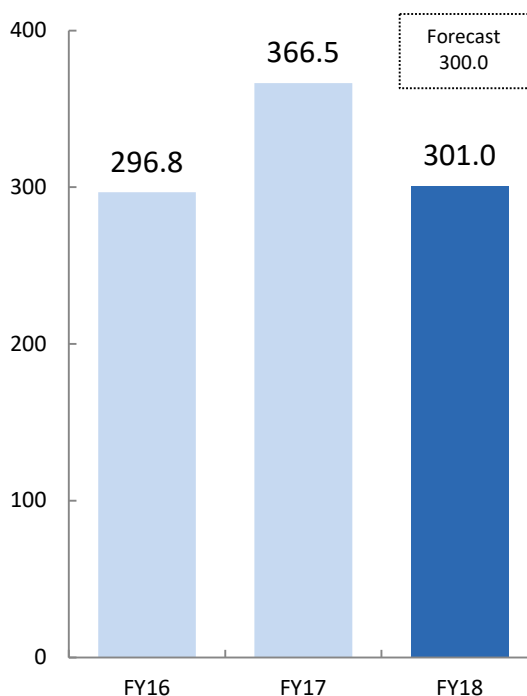
Revenues ➤ Lower than FY17, when temporary factors drove increases both in domestic and overseas

Gross Profit ➤ Higher margin than forecast

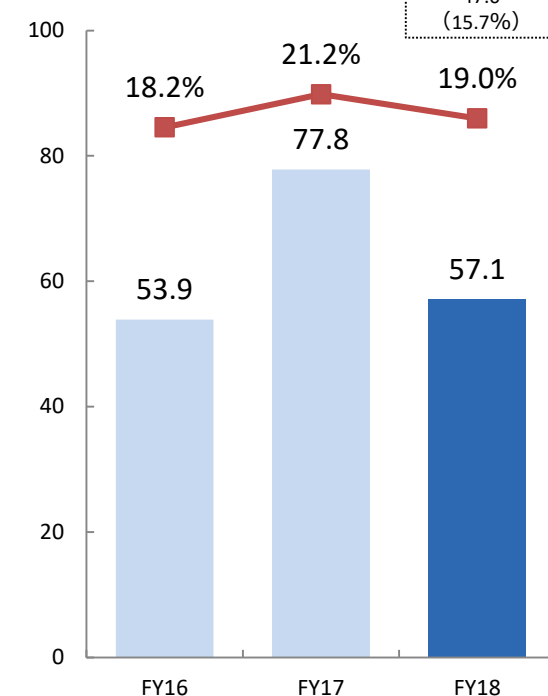
■ Contracts Awards



■ Revenues



■ Gross Profit



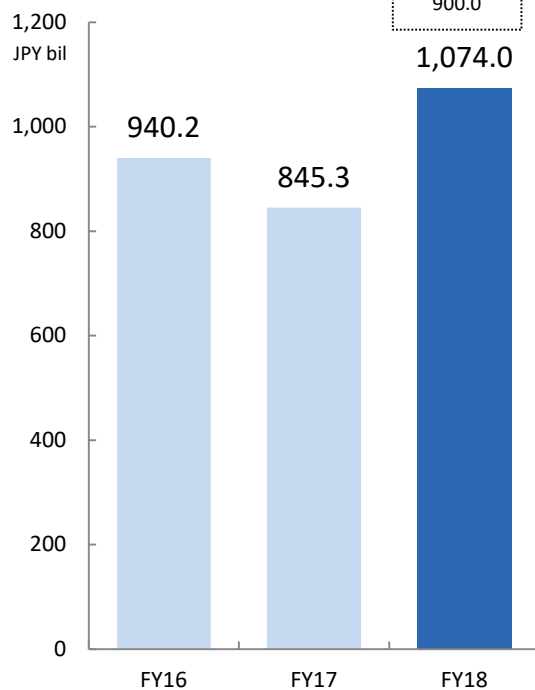
3. Building Construction (Kajima Corp)

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

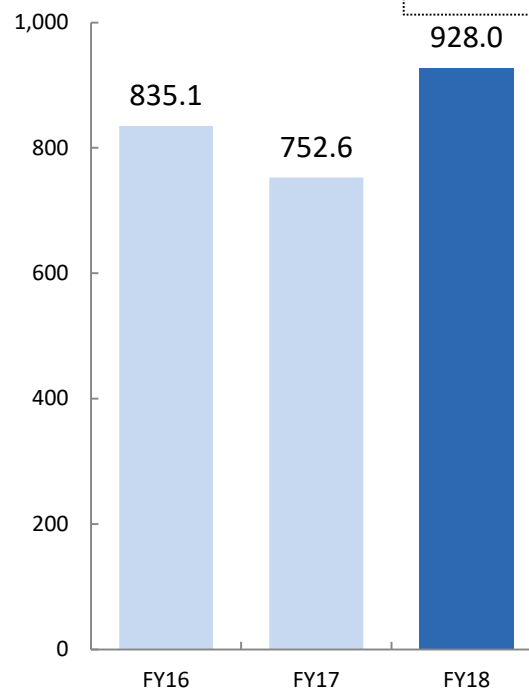
Revenues ➤ Steady progress in large-scale backlog projects

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

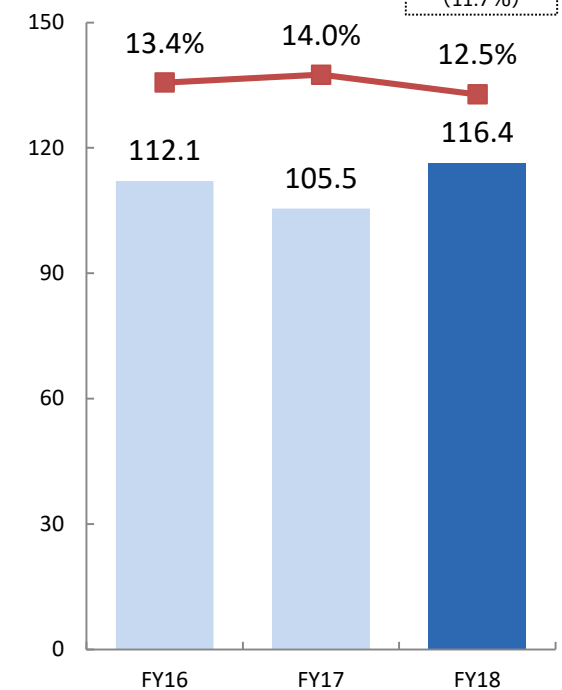
■ Contracts Awards



■ Revenues



■ Gross Profit



3. Real Estate and Other (Kajima Corp)

Contracts

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

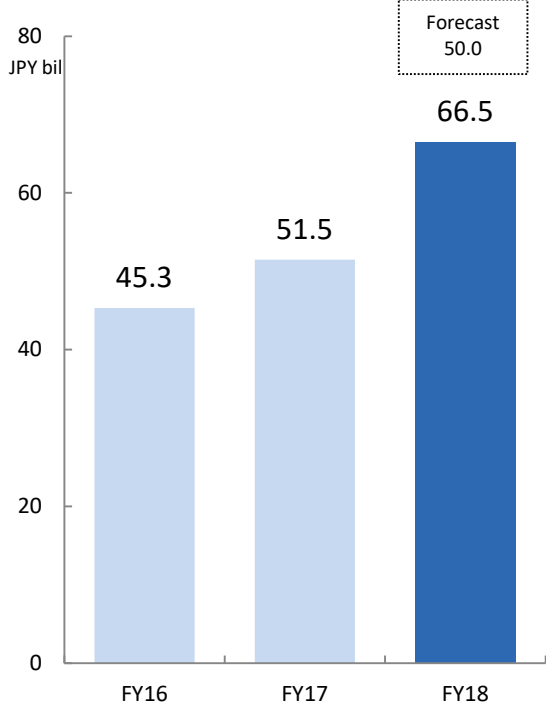
Revenues

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

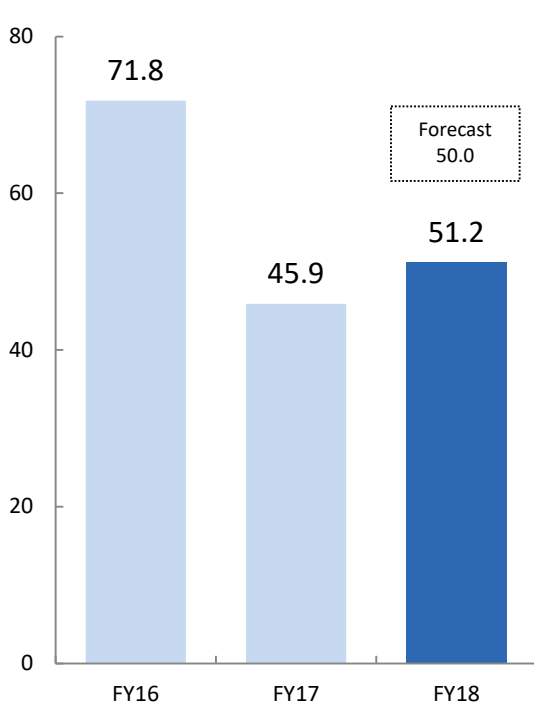
Gross Profit

- Higher than forecast profit

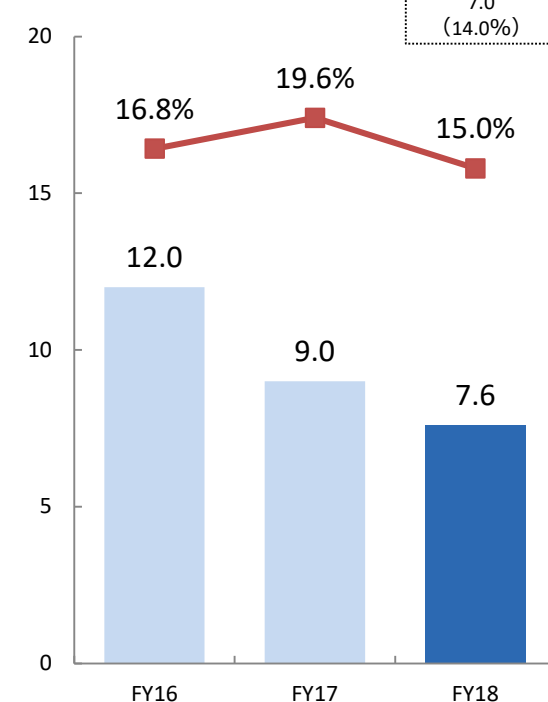
Contract Awards



Revenues



Gross Profit



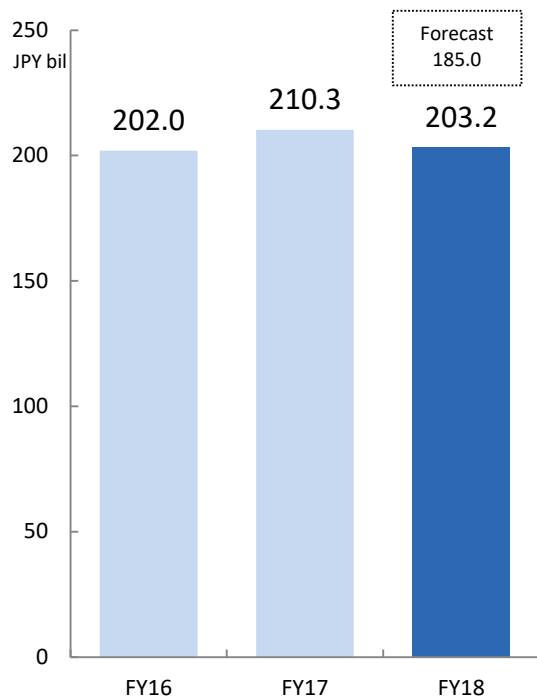
3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level to FY17

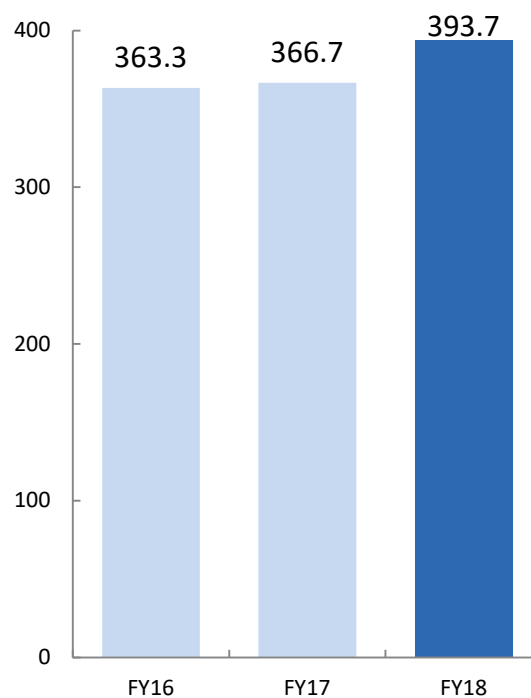
Revenues ➤ Increase due to progress in large-scale backlog projects

Ordinary Income ➤ Equivalent level to FY17

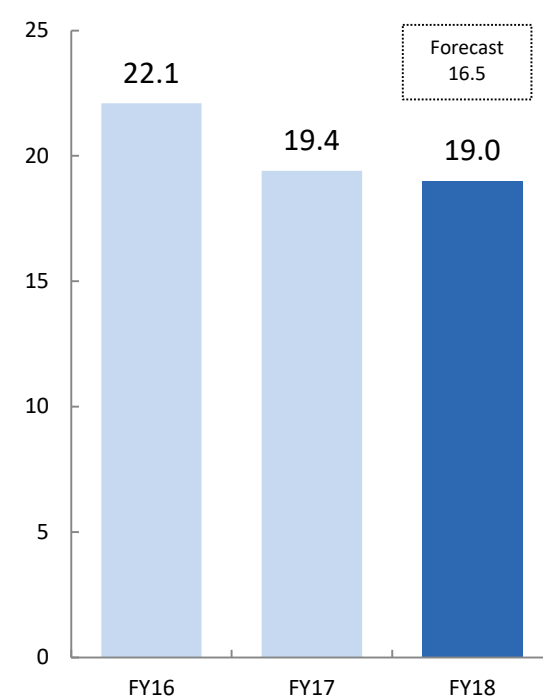
■ Construction Contract Awards



■ Revenues



■ Ordinary Income

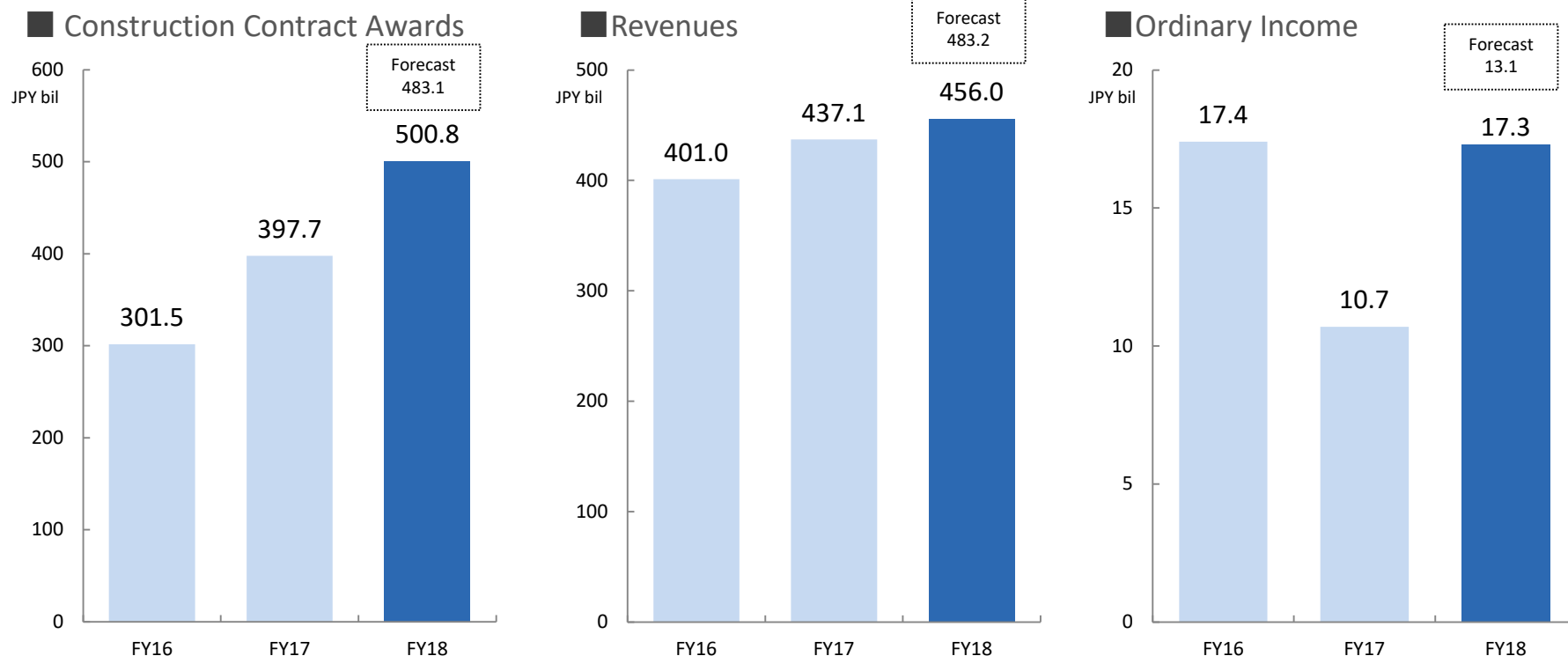


3. Overseas Subsidiaries and Affiliates

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)



4. Financial Positions

Billions of yen	FY17 Result	FY18 Result	YoY Change	FY18 * ₁ 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

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



FY2019 Forecast

(April 1, 2019 - March 31, 2020)

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

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

2. Financial Highlights

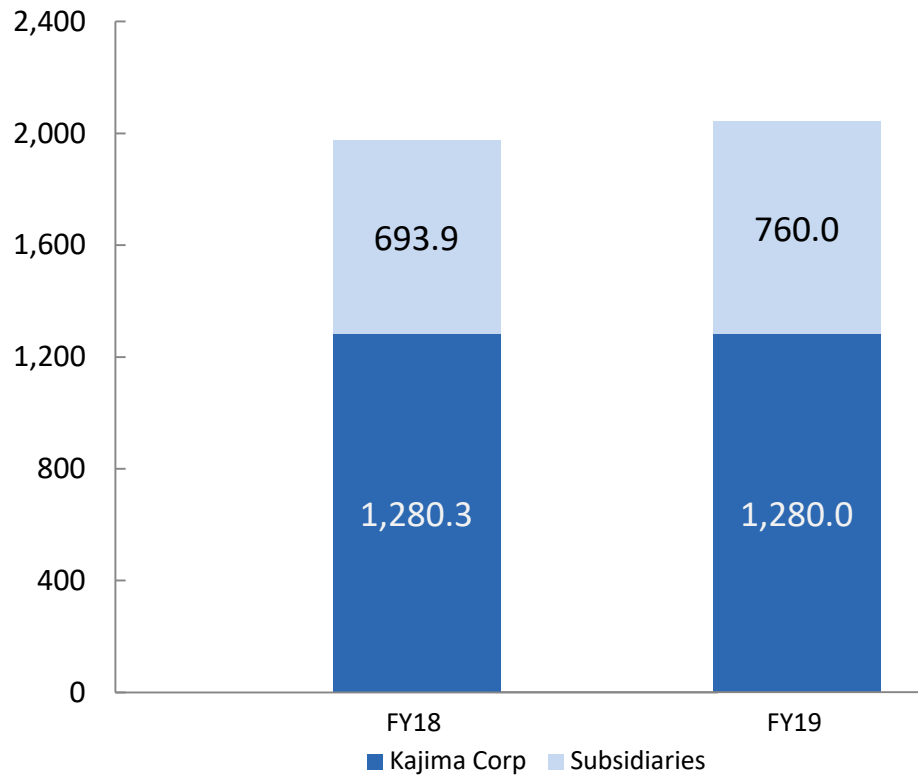
Higher net income than target of Medium-Term Business Plan

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

2. Revenues

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

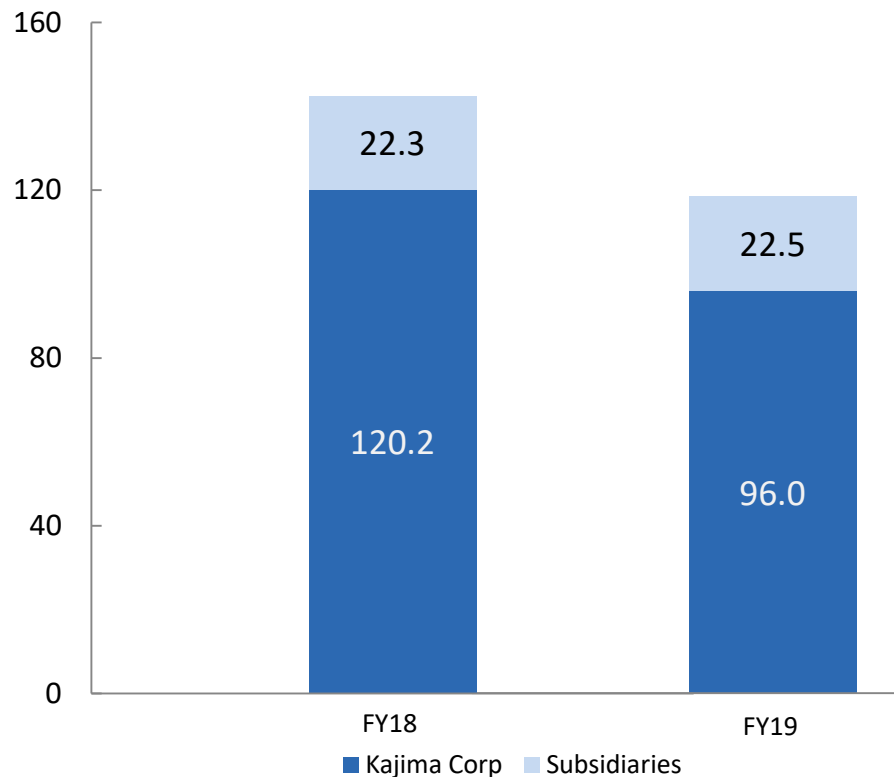


YoY Change Factors

- Overseas Subsidiaries and Affiliates +76.5
- Civil Engineering (11.0)

2. Operating Income

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

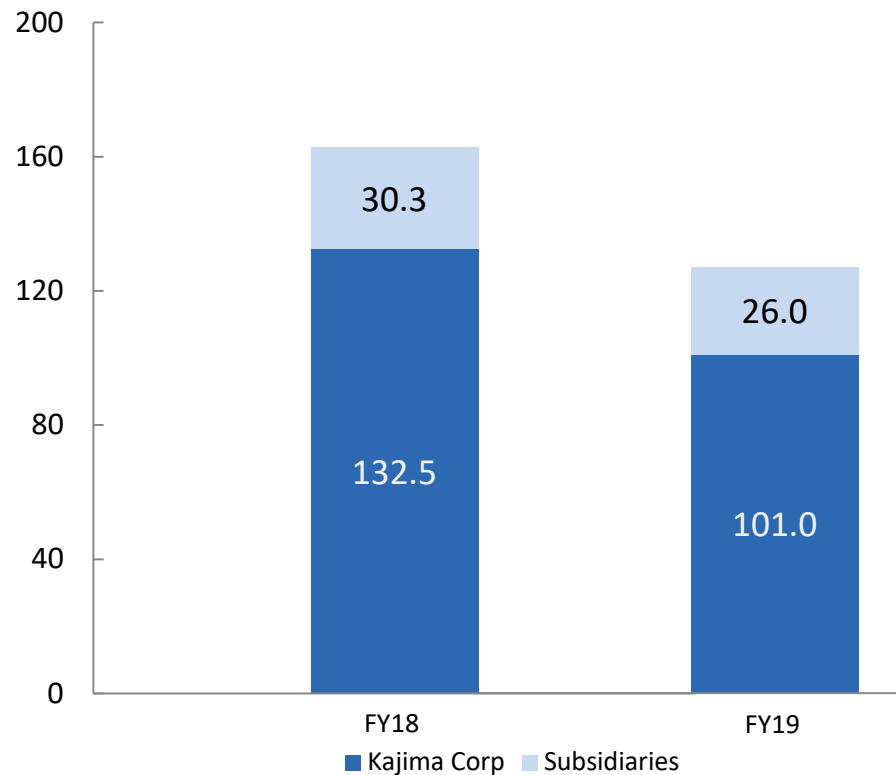


YoY Change Factors

- Gross Profit (Construction) (23.4)
- Gross Profit (Real Estate and other) +3.7
- SG&A (4.4)

2. Ordinary Income

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



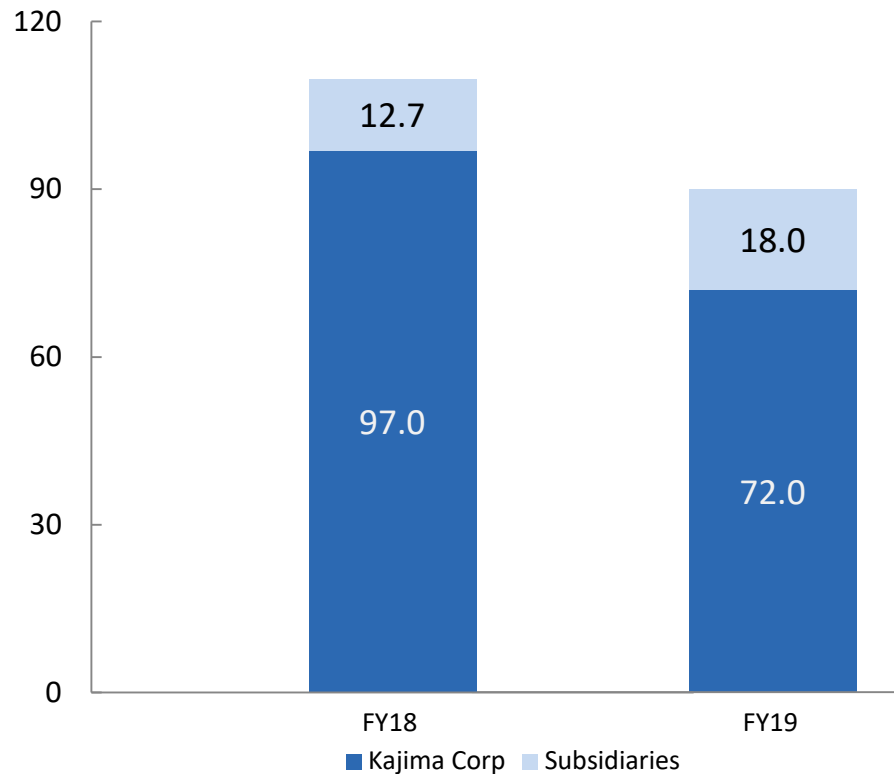
YoY Change Factors

➤ Operating Income	(24.1)
➤ Non-operating Income – net	(11.7)
Reversal of allowance for doubtful accounts	(3.1)
Equity in Earnings of Partnership	(4.0)

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

3. Civil Engineering (Kajima Corp)

Contracts

➤ Equivalent level to FY18

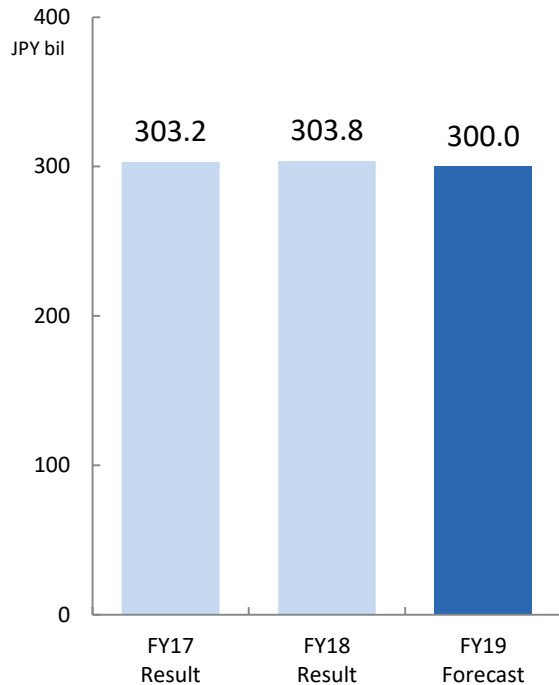
Revenues

➤ Equivalent level to FY18

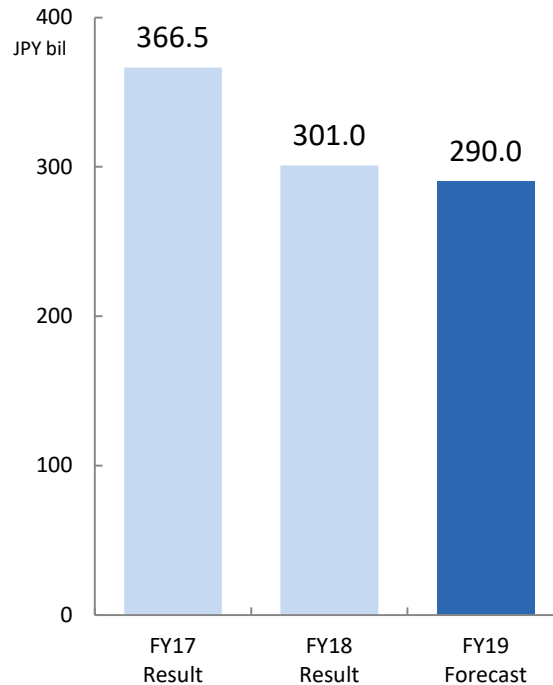
Gross Profit

➤ Forecast based on the status of backlog projects, etc.
 ➤ Uncertain change orders not included

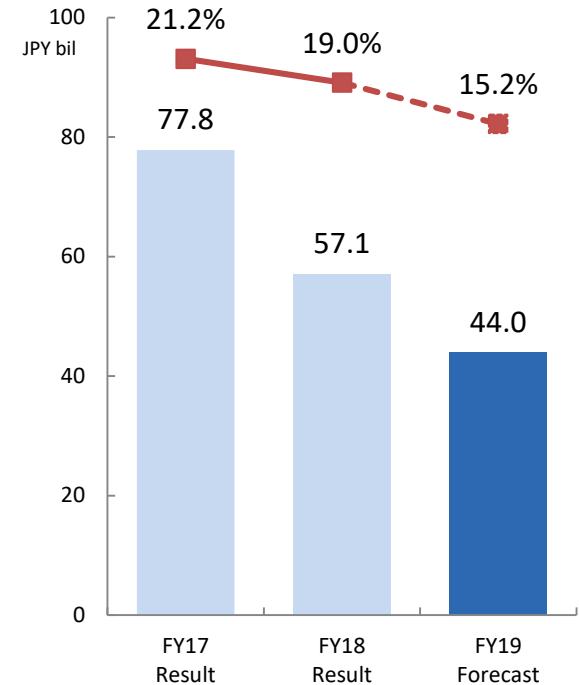
■ Contract Awards



■ Revenues



■ Gross Profit

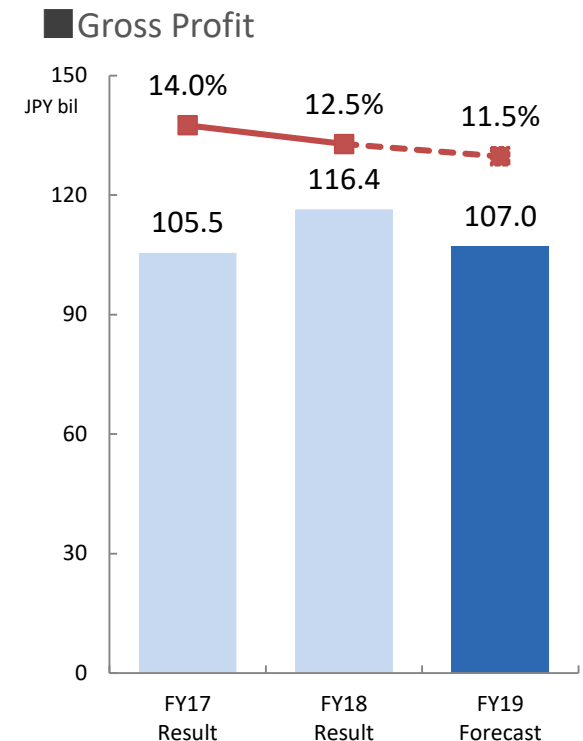
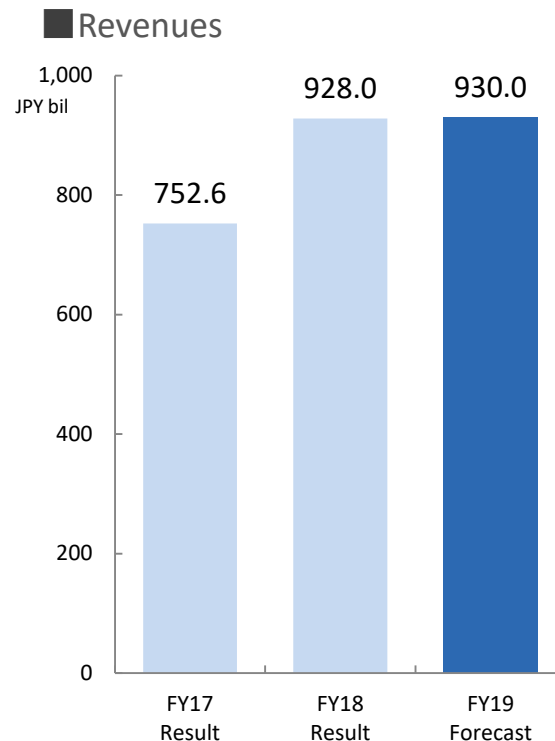
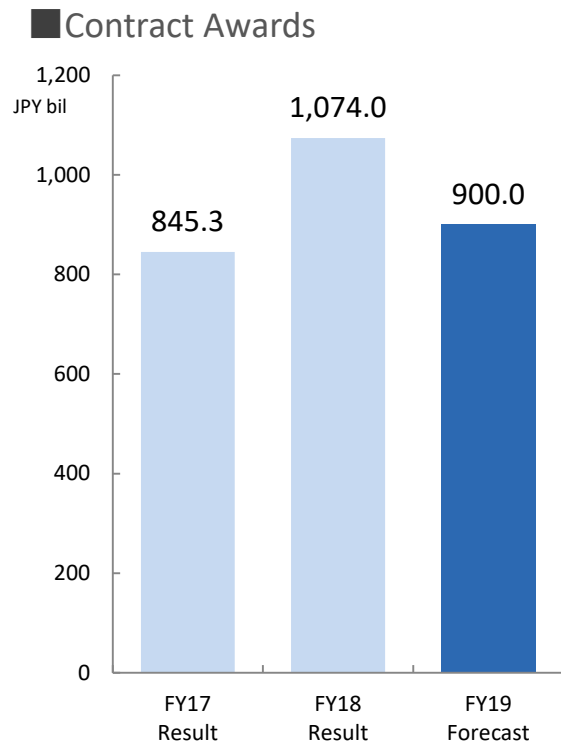


3. Building Construction (Kajima Corp)

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

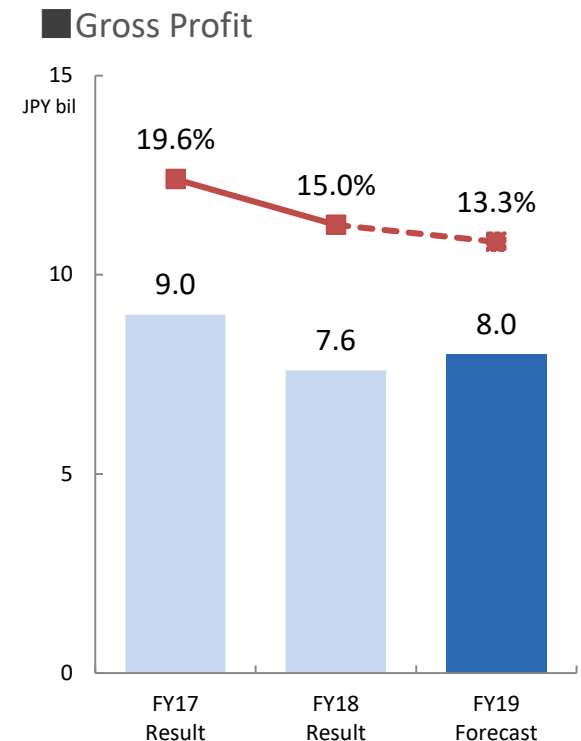
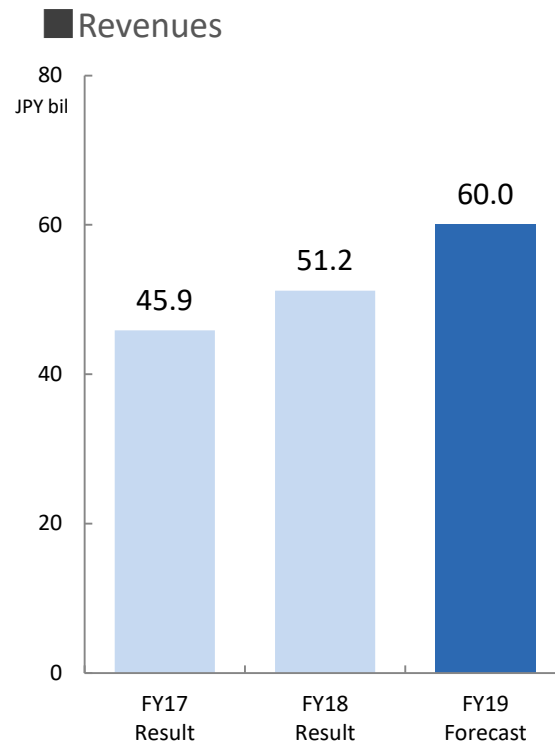
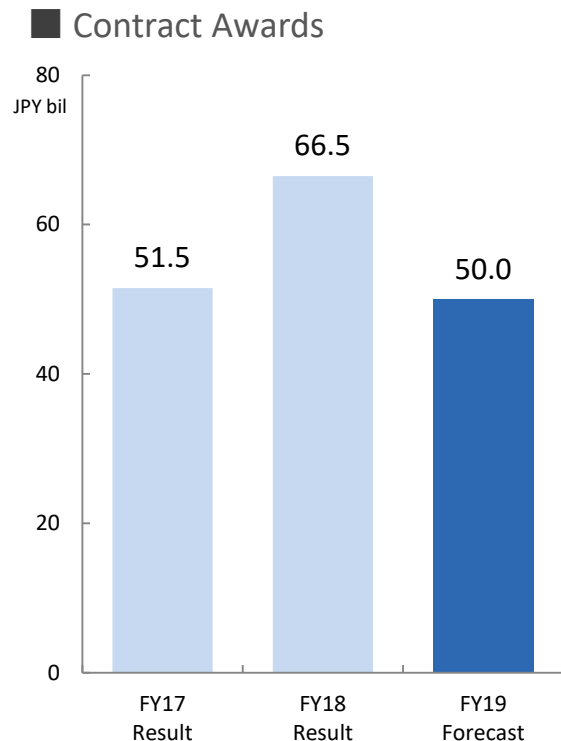


3. Real Estate and Other (Kajima Corp)

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

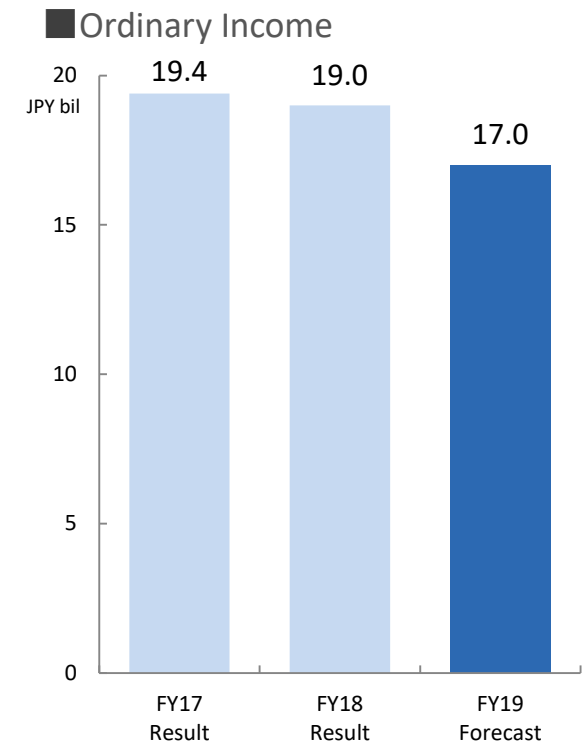
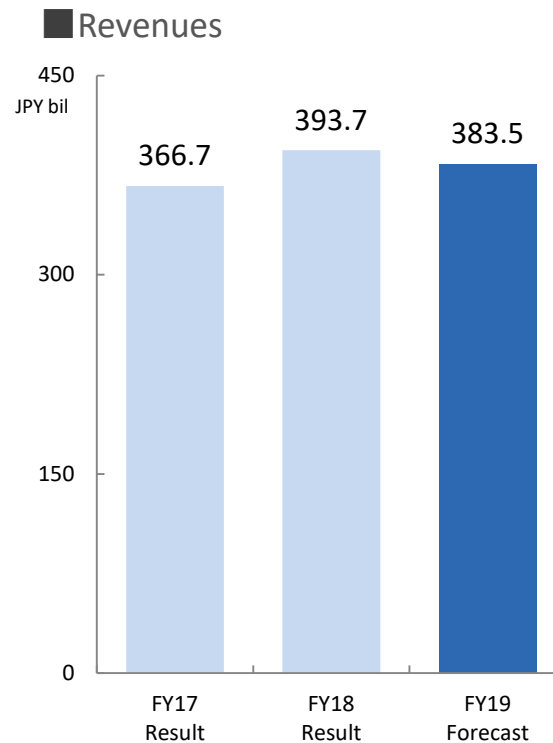
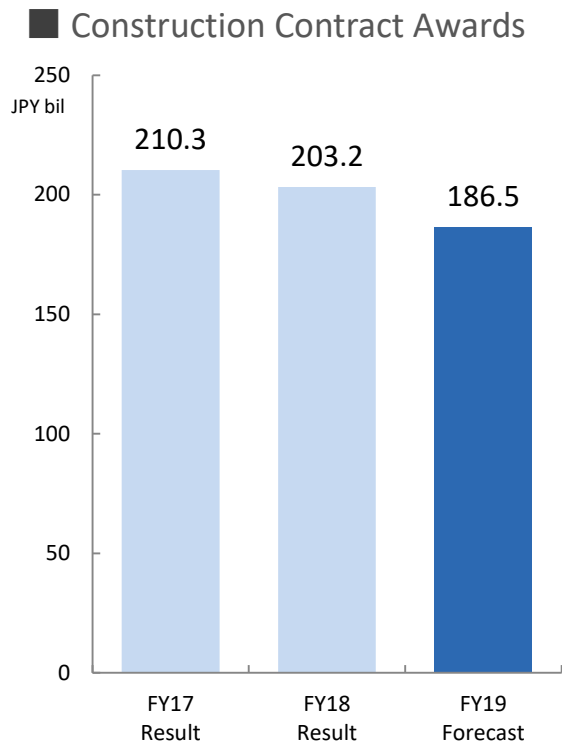


3. Domestic Subsidiaries and Affiliates

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

Revenues ➤ Equivalent level to FY18

Ordinary Income ➤ Equivalent level to FY18

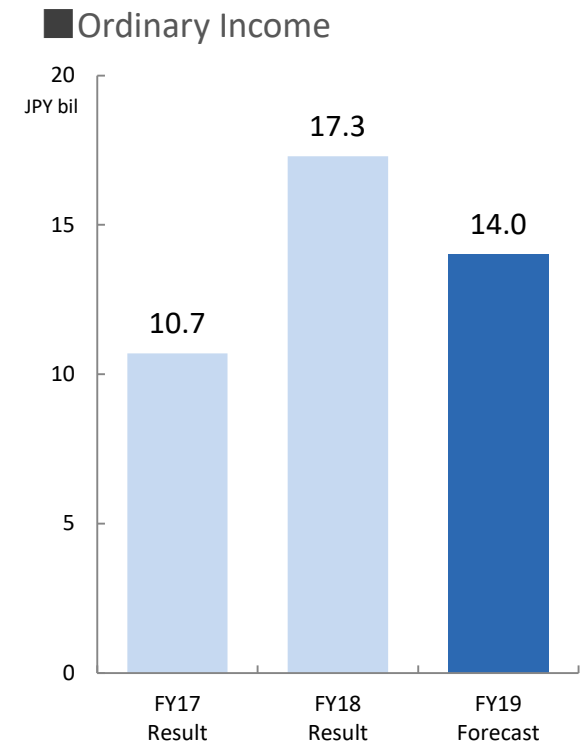
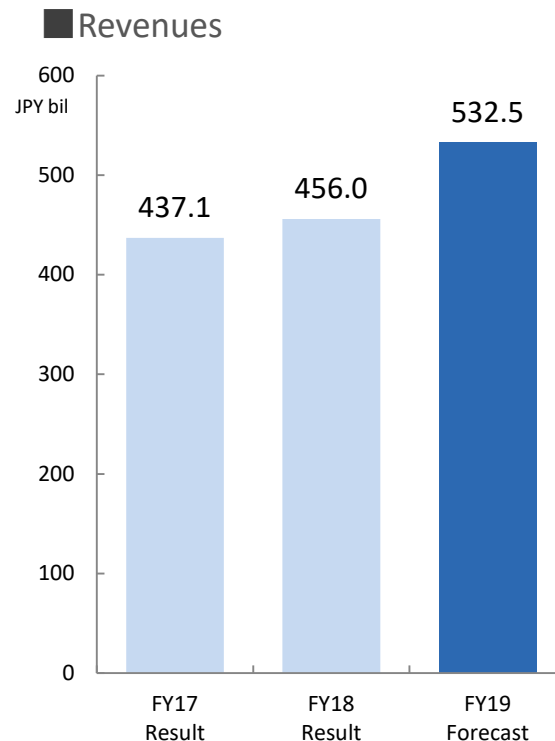
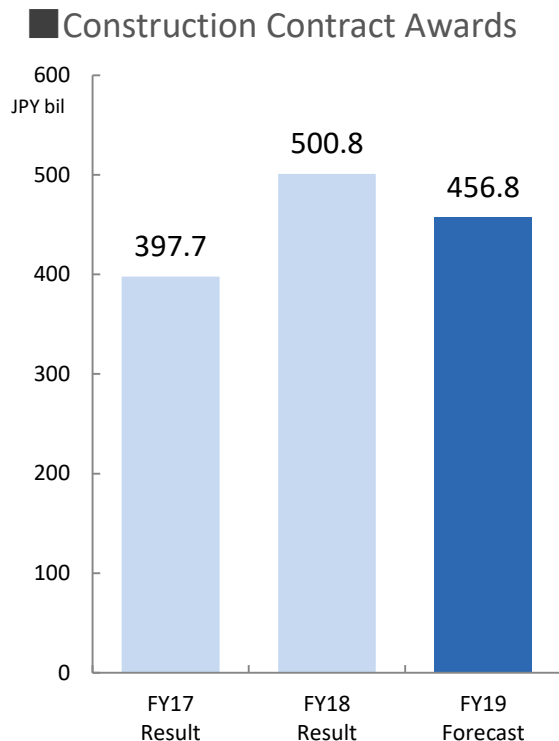


3. Overseas Subsidiaries and Affiliates

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



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 * ₁ Result	FY18 Result	FY18 * ₂ Forecast	FY19 * ₃ Forecast
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.



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E-Mail : ir@ml.kajima.com

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.