

FY2019 First Half Financial Results

November 13, 2019





FY2019 First Half Results

(April 1 - September 30, 2019)

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

1. Business Environment

Domestic market trends

- Increasing demand in public sector
- Stable demand in private sector mainly in non-manufacturing industries
- Balanced supply-and-demand for labor and materials

Progress of our measures

- Proceed development and making use of technologies for improvement of productivity and saving of labor
- Promote investments in real estate projects worldwide

2. Financial Highlights

Lower profit than FY18 1H. Good progress toward the initial full-year forecast

Billions of yen	FY18 1H Result	FY19 1H Result	YoY Change	Progress	FY19 Initial forecast
Revenues	897.7	947.1	+49.4	46.4%	2,040.0
Operating Income	60.6	59.7	(0.8)	50.4%	118.5
Ordinary Income	72.1	65.0	(7.0)	51.2%	127.0
* ₁ Net Income	54.5	49.8	(4.7)	55.3%	90.0
Construction Contract Awards	752.0	801.3	+49.2	45.5%	1,760.0
Interest-bearing Debt	※ ₂ 298.7	301.5	※ ₃ +2.8	-	330.0

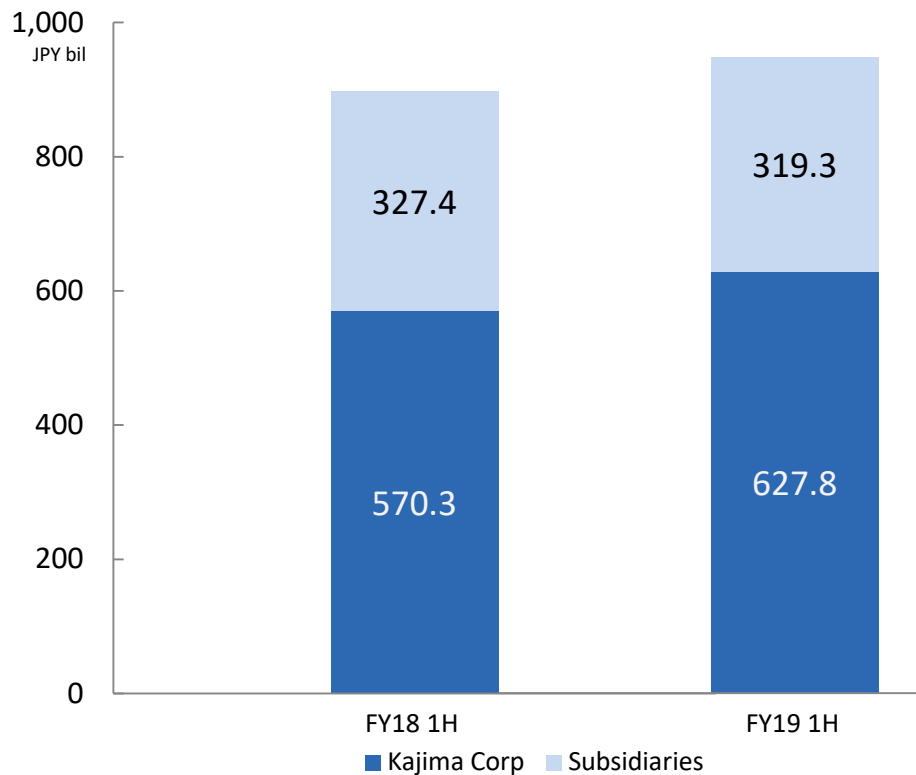
*₁ Net Income Attributable to Owners of the Parent

*₂ As of Mar 31, 2019

*₃ Change from Mar 31, 2019

2. Revenues

Billions of yen	FY18 1H Result	FY19 1H Result	YoY Change
Revenues	897.7	947.1	+49.4

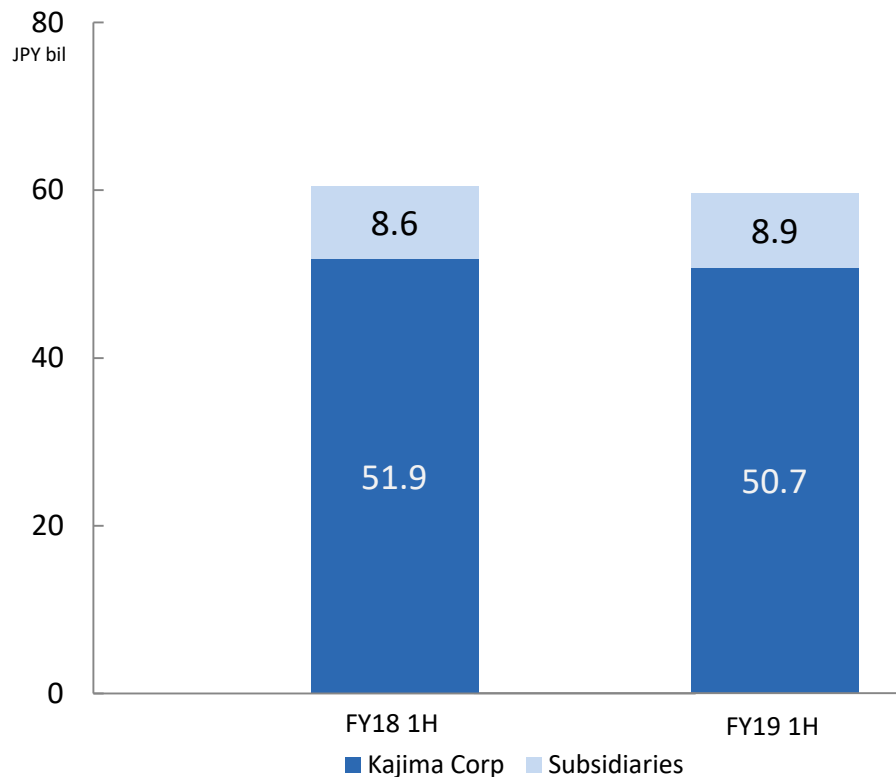


YoY Change Factors

- Building Construction (Kajima Corp) +55.4
- Domestic Subsidiaries and Affiliates +15.1

2. Operating Income

Billions of yen	FY18 1H Result	FY19 1H Result	YoY Change
Operating Income	60.6	59.7	(0.8)

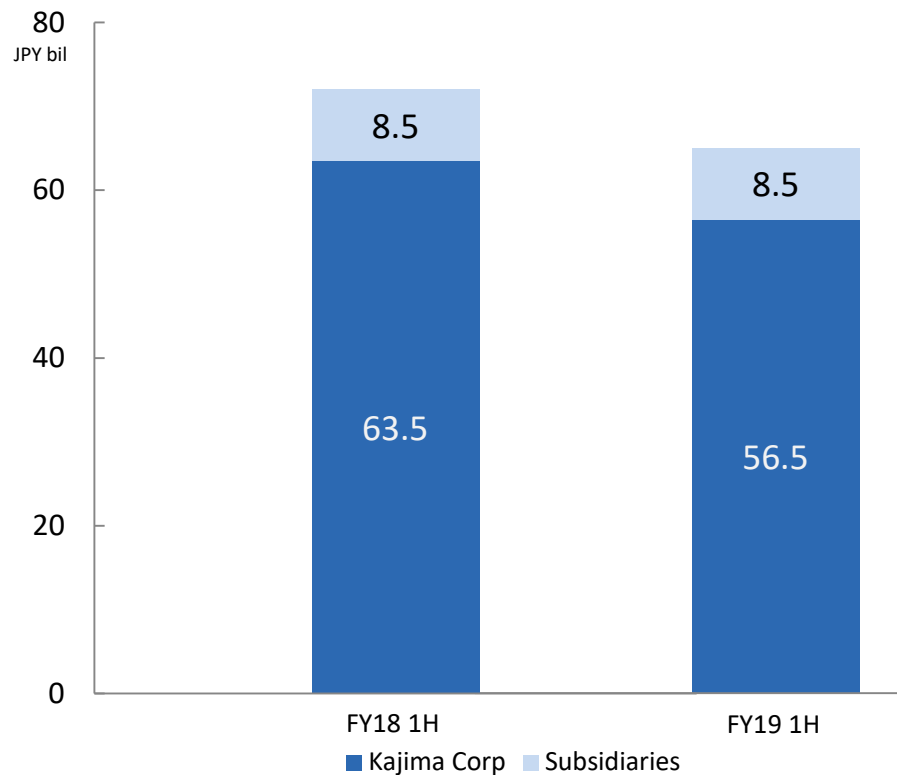


YoY Change Factors

- Gross Profit (Civil Engineering, Kajima Corp) (4.1)
- Gross Profit (Building Construction, Kajima Corp) +5.2
- Increase in SG&A (2.8)

2. Ordinary Income

Billions of yen	FY18 1H Result	FY19 1H Result	YoY Change
Ordinary Income	72.1	65.0	(7.0)



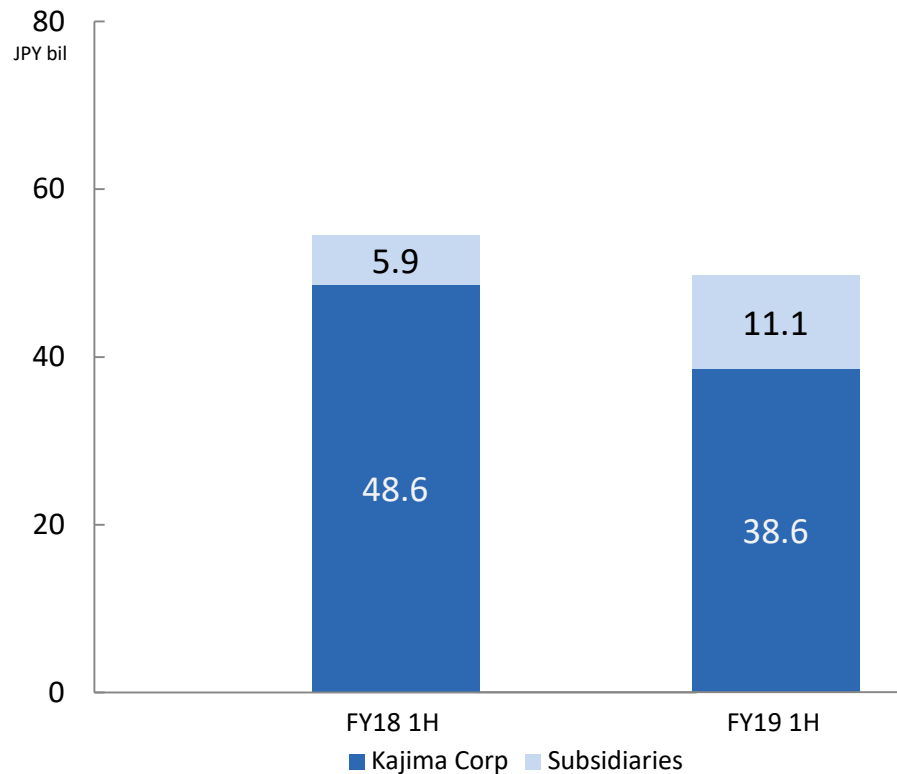
YoY Change Factors

➤ Operating Income	(0.8)
➤ Non-operating Income – net	(6.1)
[Reversal of allowance for doubtful accounts	(3.9)
Equity in earnings of unconsolidated subsidiaries and affiliates	(1.8)

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY18 1H Result	FY19 1H Result	YoY Change
Net Income	54.5	49.8	(4.7)

* Net Income Attributable to Owners of the Parent



YoY Change Factors

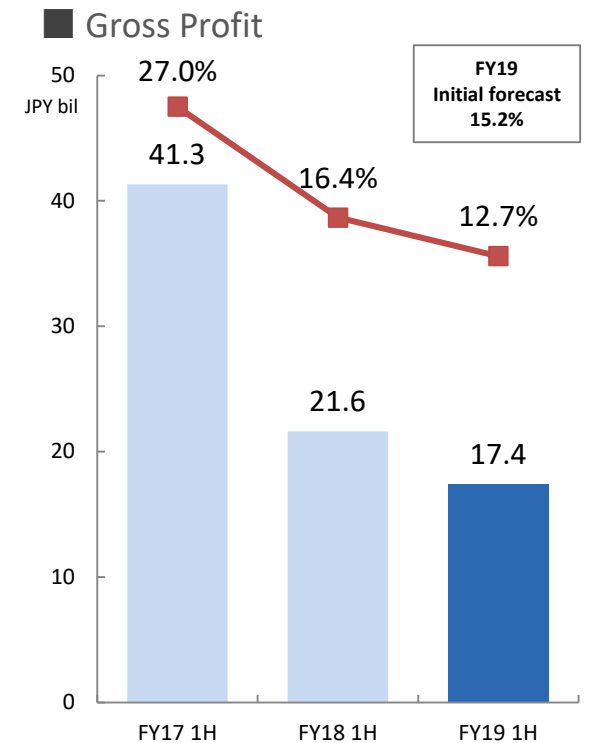
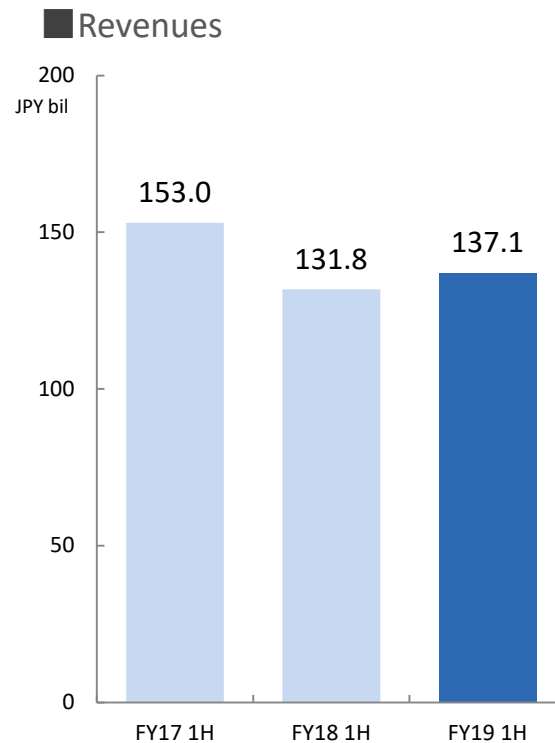
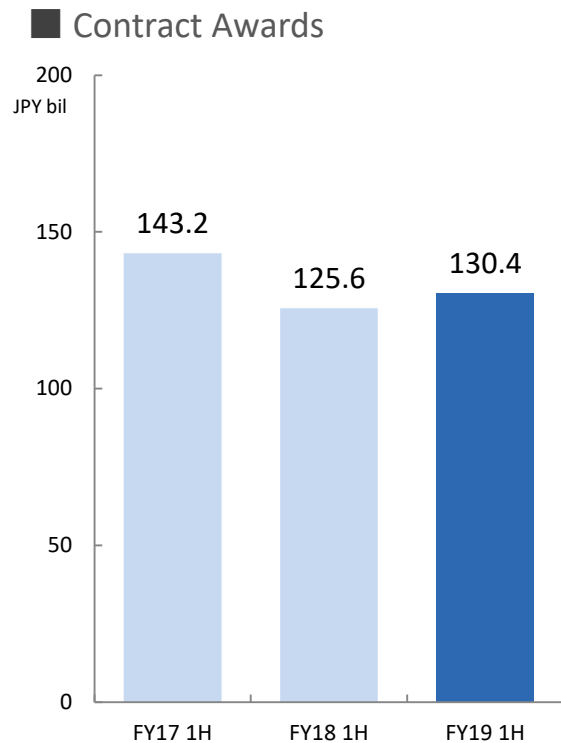
➤ Ordinary Income	(7.0)
➤ Extraordinary Income - net	+1.1
➤ Decrease in Income Taxes	+1.1
➤ Noncontrolling Interests	+0.0

3. Civil Engineering (Kajima Corp)

Contracts ➤ Equivalent level to FY18 1H

Revenues ➤ Equivalent level to FY18 1H

Gross Profit ➤ Decrease due to less projects that improved profits in 1H

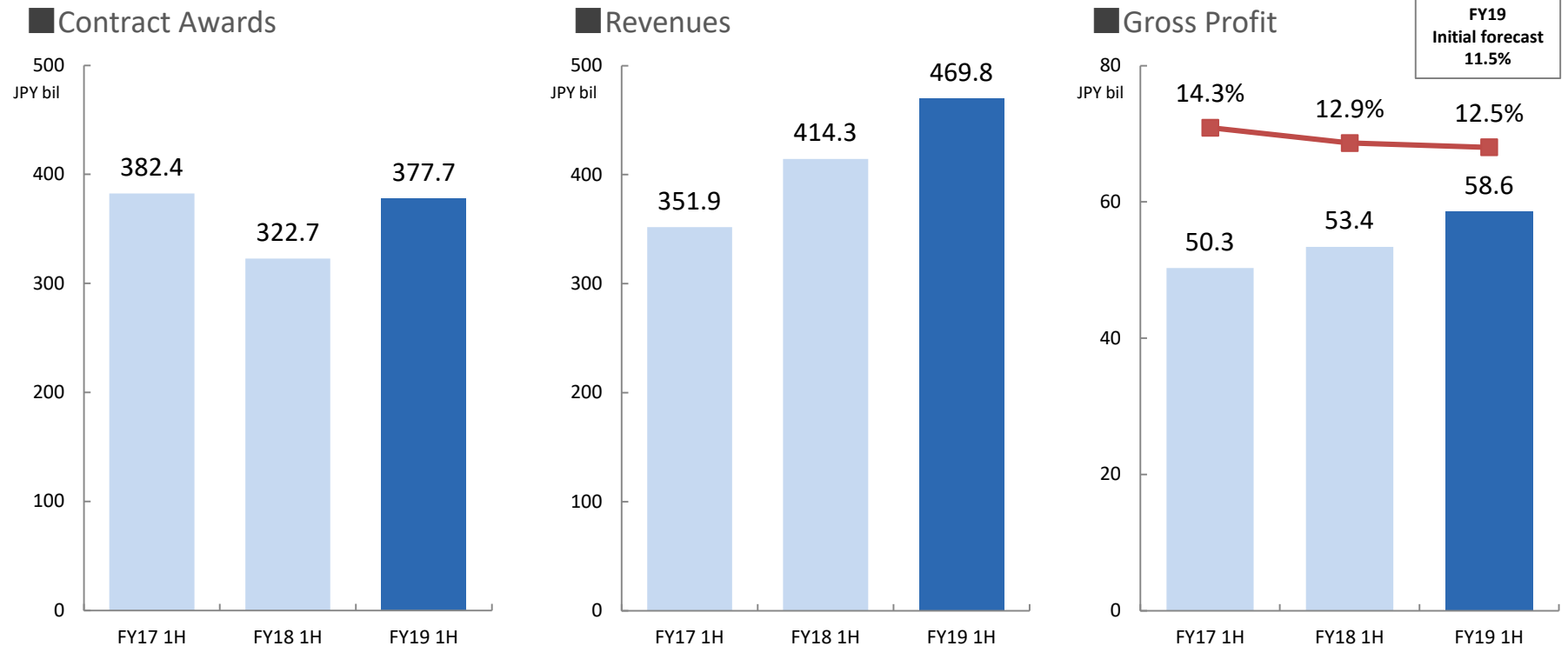


3. Building Construction (Kajima Corp)

Contracts ➤ Increase due to more contract awards of large-scale projects

Revenues ➤ Steady progress in large-scale backlog projects

Gross Profit ➤ Increase due to increased revenues



3. Real Estate and Other (Kajima Corp)

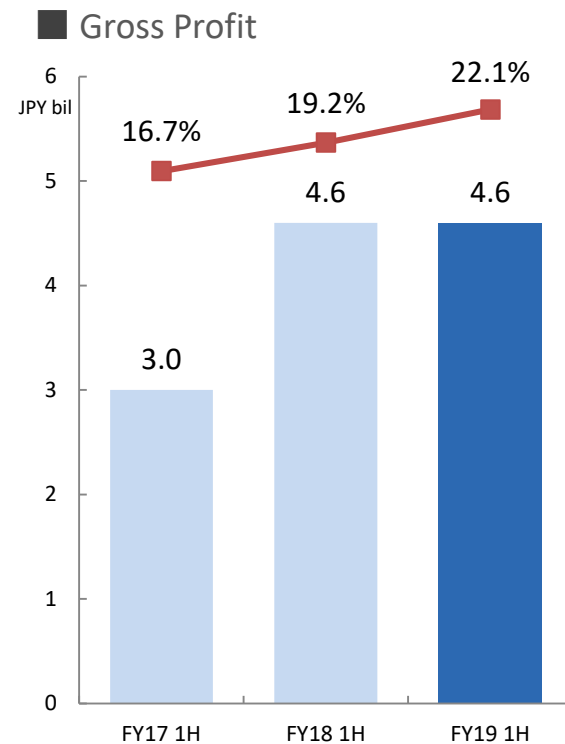
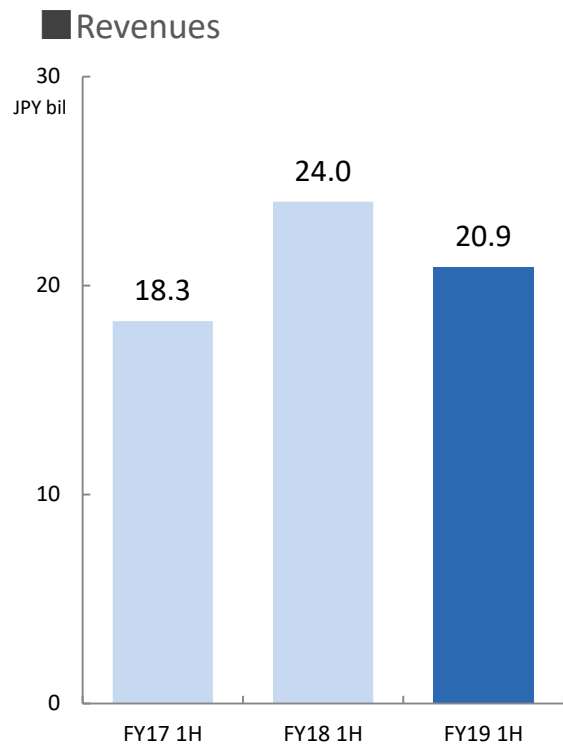
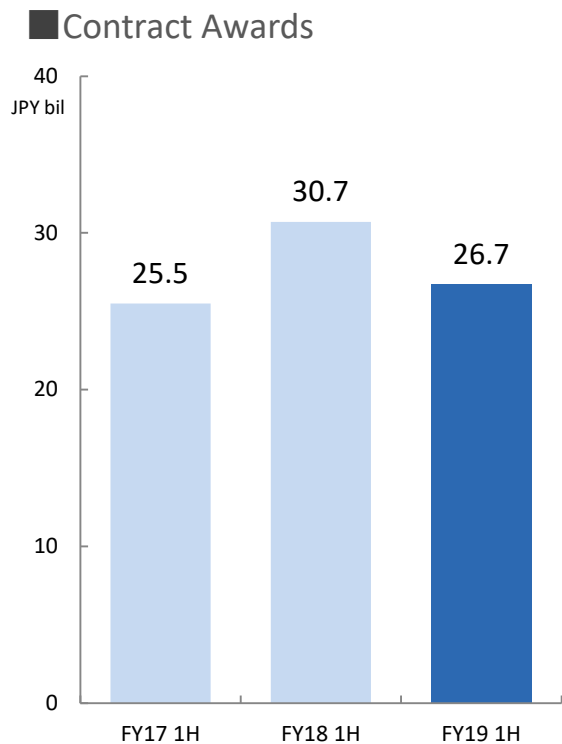
Contracts

Revenues

➤ Decrease due to disposition of owned assets to Kajima private REIT in FY18 1H

Gross Profit

➤ Equivalent level to FY18 1H



3. Domestic Subsidiaries and Affiliates

Contracts

- Increase in interior and MEP(Mechanical, Electrical, Plumbing) works

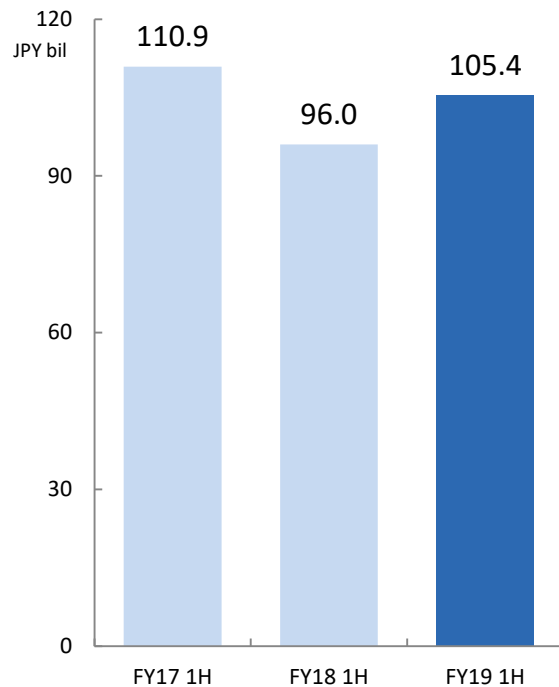
Revenues

- Increase mainly in road paving and MEP works

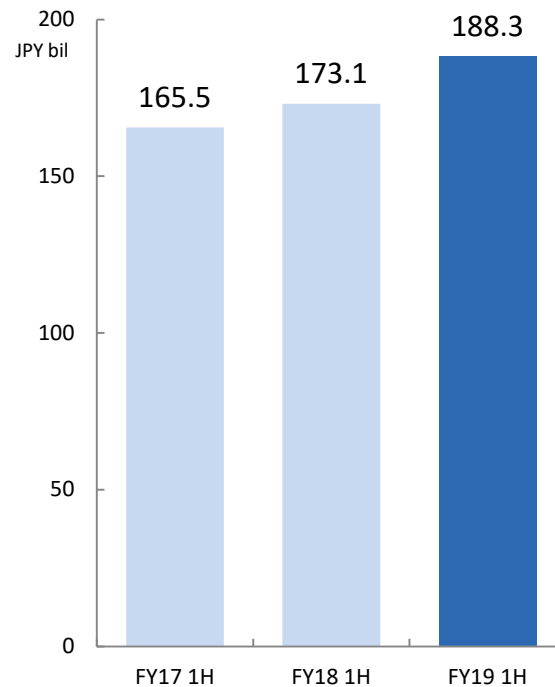
Ordinary Income

- Increase in revenues
- Improvement in margins of both construction and real estate businesses

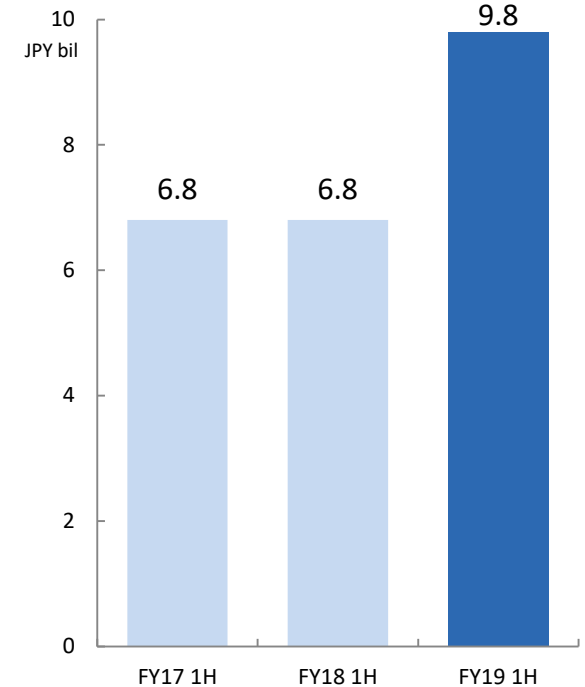
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



3. Overseas Subsidiaries and Affiliates

Contracts

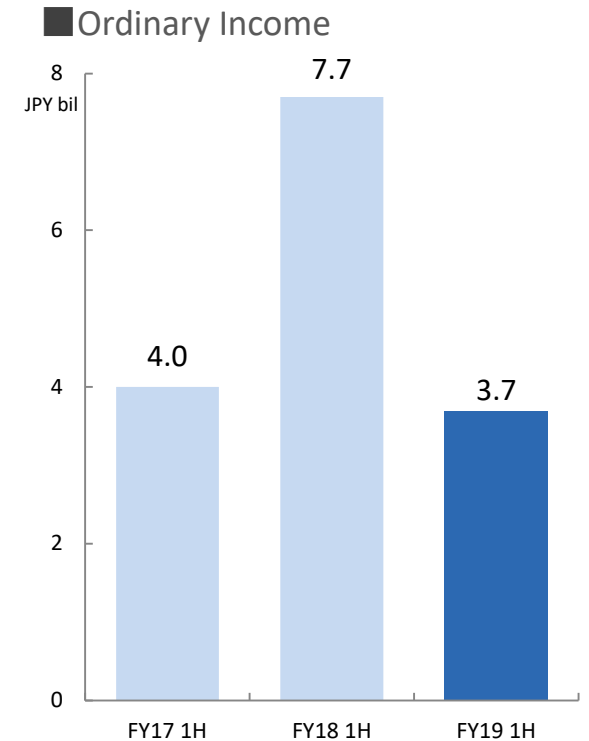
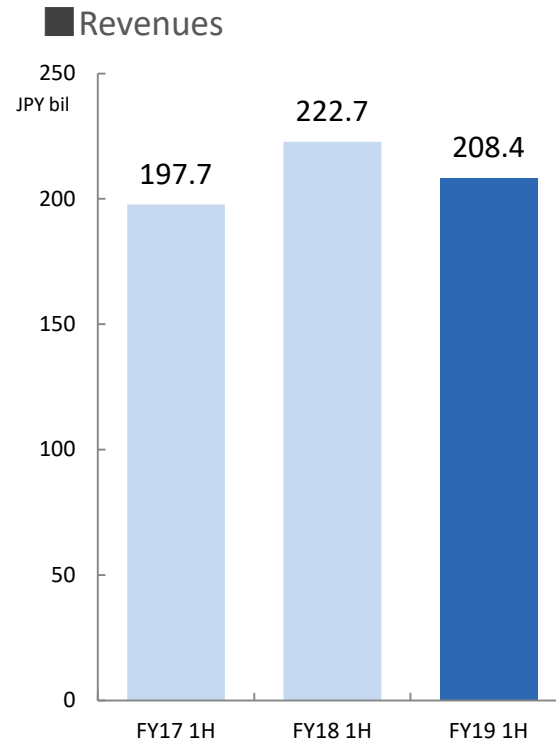
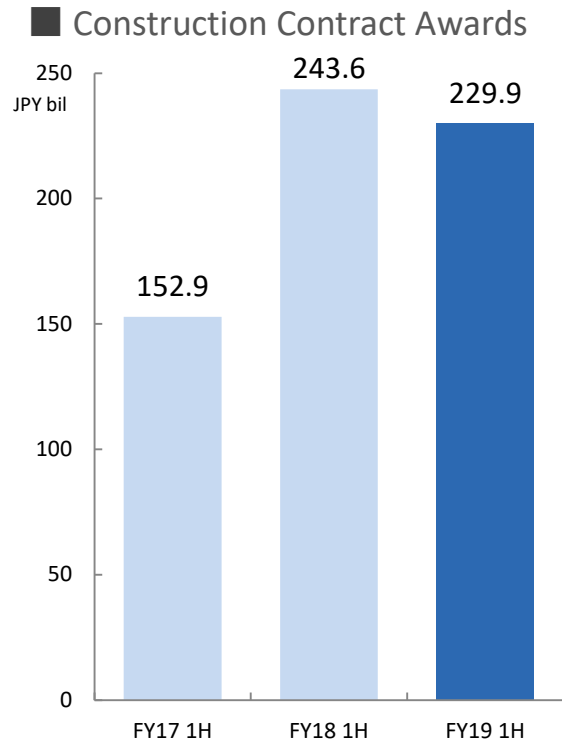
- Decrease in regions at a high-level in FY18

Revenues

- Decrease due to delay of construction starts

Ordinary Income

- Decrease in revenues and margin of construction business





FY2019 Forecast

(April 1, 2019 - March 31, 2020)

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

1. Business Environment

Domestic market outlook

- Stable demand in civil engineering and private capital investments
- Uncertainty in capital investments reflecting protracted trade friction between the U.S. and China

Corporate strategies

- Reinforce sales based on technologies and proposals to address customer needs
- Proceed development and making use of technologies in pilot sites
- Build solid operating foundations of overseas subsidiaries corresponding to their business expansion

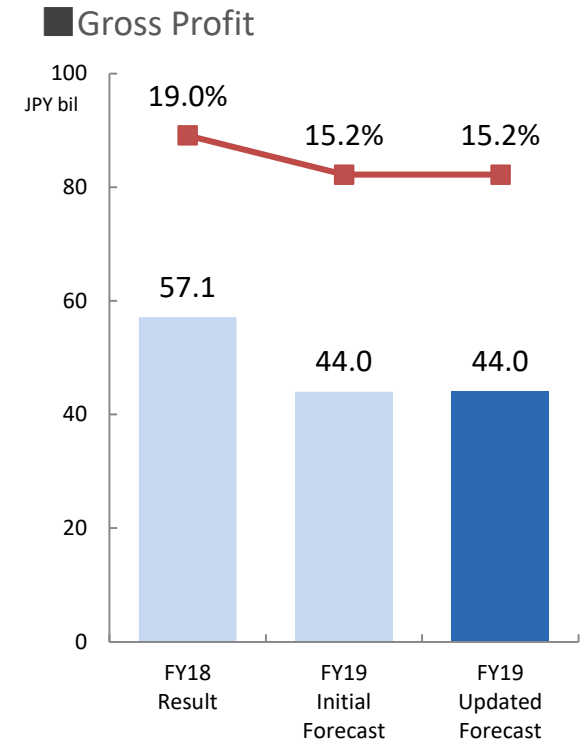
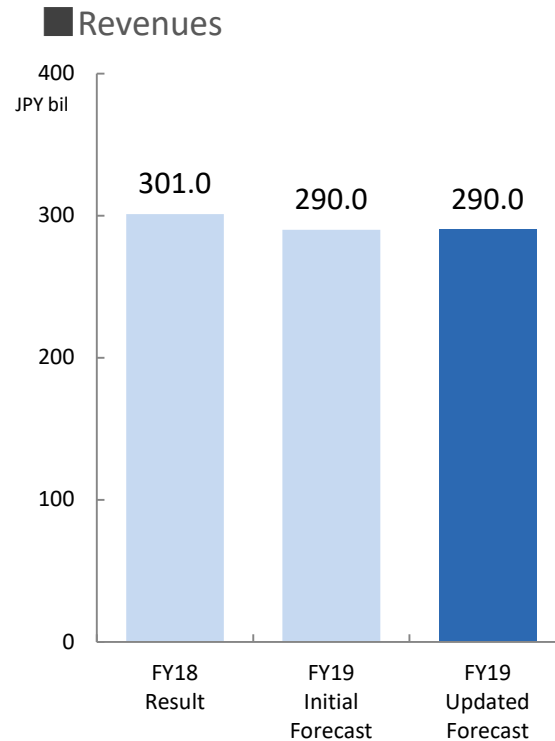
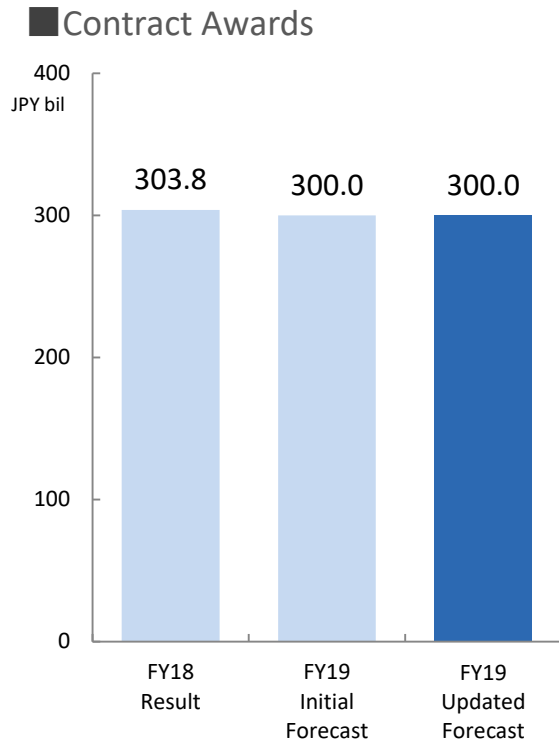
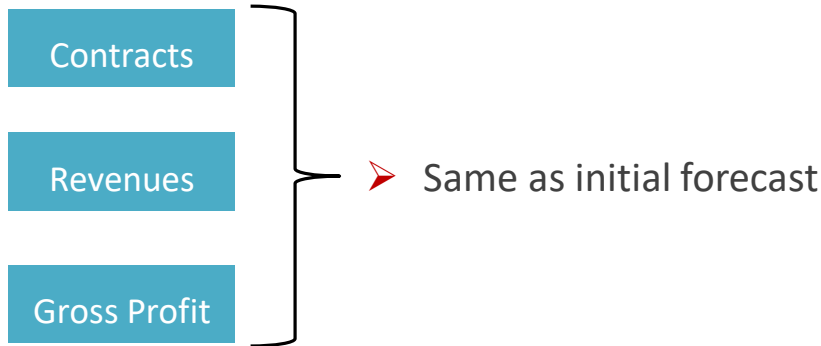
2. Financial Highlights

Updated based on 1H result and business condition

Billions of yen	FY18 Result	FY19 Initial Forecast	FY19 Updated Forecast	YoY Change	Change from Initial Forecast
Revenues	1,974.2	2,040.0	2,000.0	+25.7	(40.0)
Operating Income	142.6	118.5	121.0	(21.6)	+2.5
Ordinary Income	162.9	127.0	130.0	(32.9)	+3.0
* Net Income	109.8	90.0	95.0	(14.8)	+5.0
Construction Contract Awards	2,010.1	1,760.0	1,800.0	(210.1)	+40.0
Interest-bearing Debt	298.7	330.0	330.0	+31.3	0.0

* Net Income Attributable to Owners of the Parent

3. Civil Engineering (Kajima Corp)

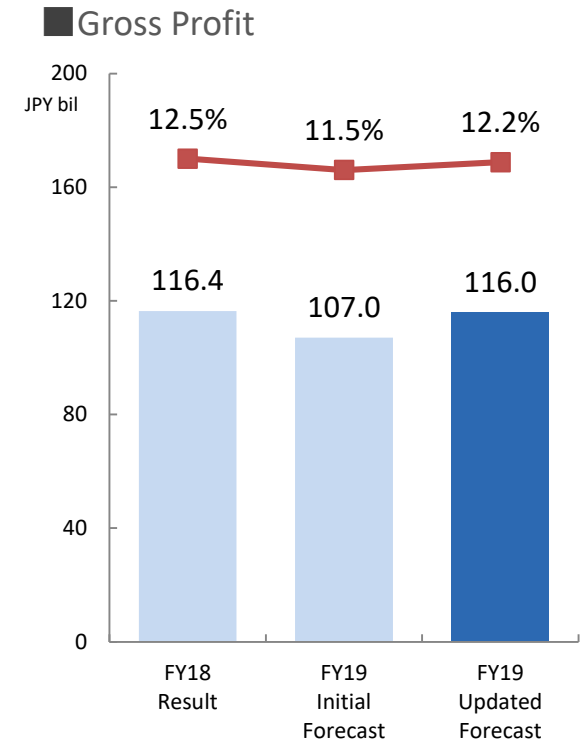
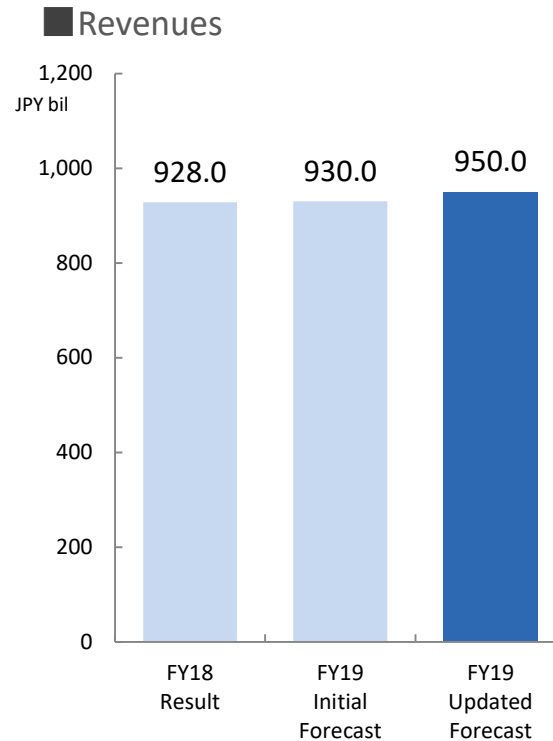
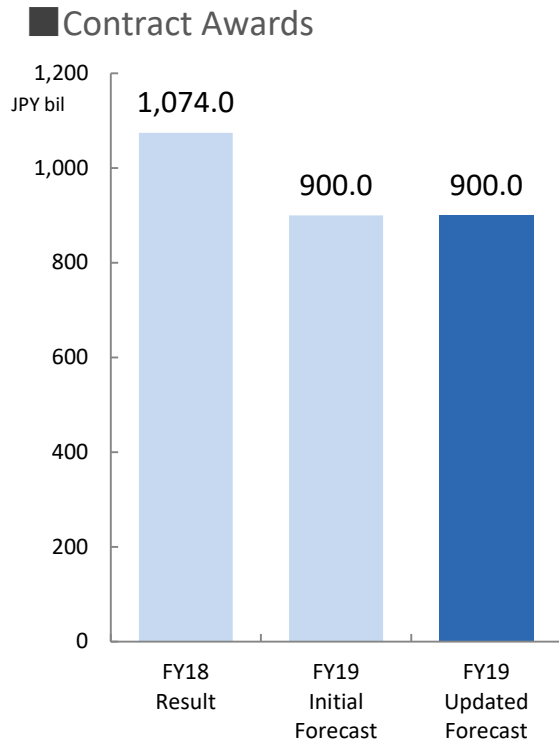


3. Building Construction (Kajima Corp)

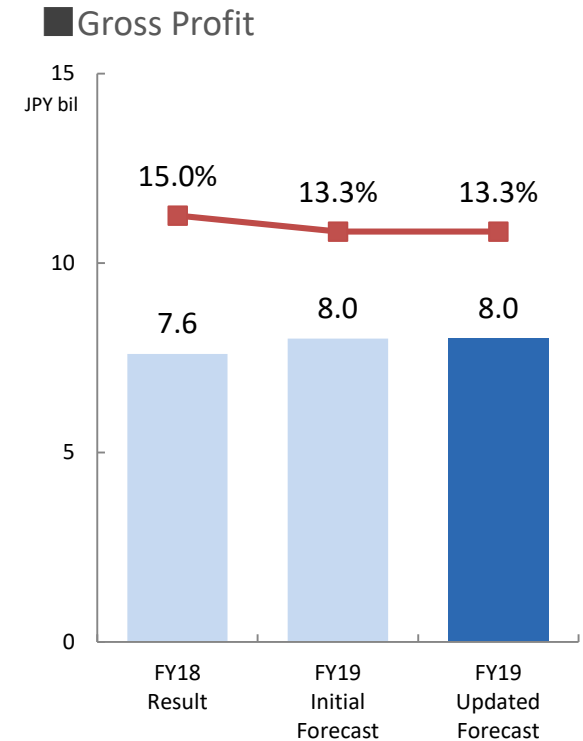
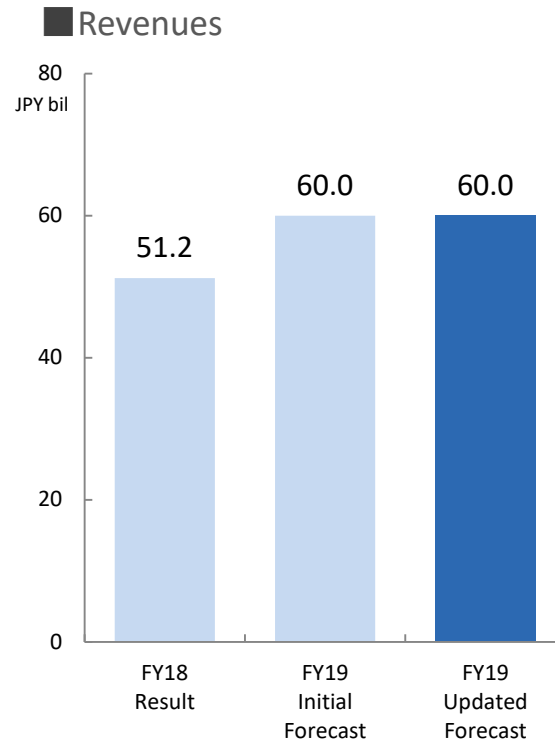
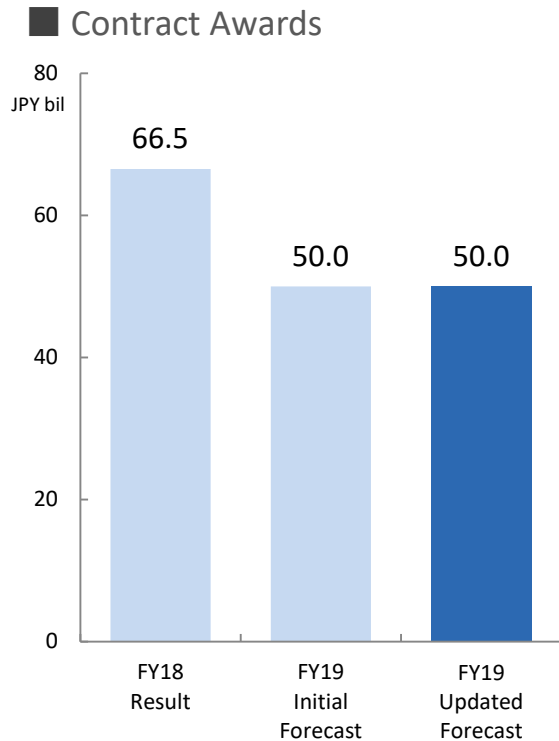
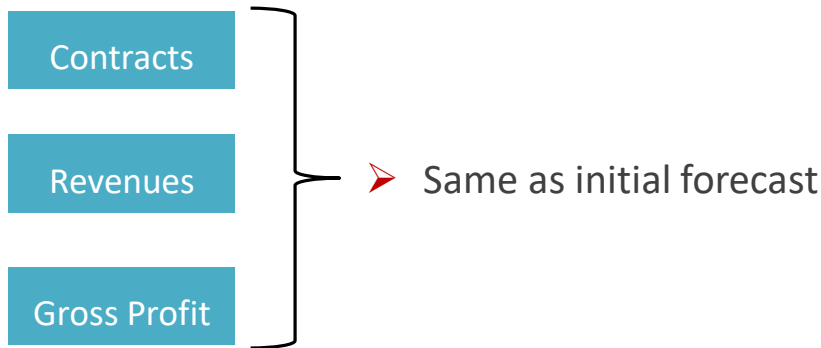
Contracts ➤ Same as initial forecast

Revenues ➤ Upward based on steady progress of backlog projects

Gross Profit ➤ Upward based on first half result and condition of backlog projects
 ➤ Equivalent to FY18



3. Real Estate and Other (Kajima Corp)



3. Domestic Subsidiaries and Affiliates

Contracts

➤ Upward due to increase in interior and road paving works

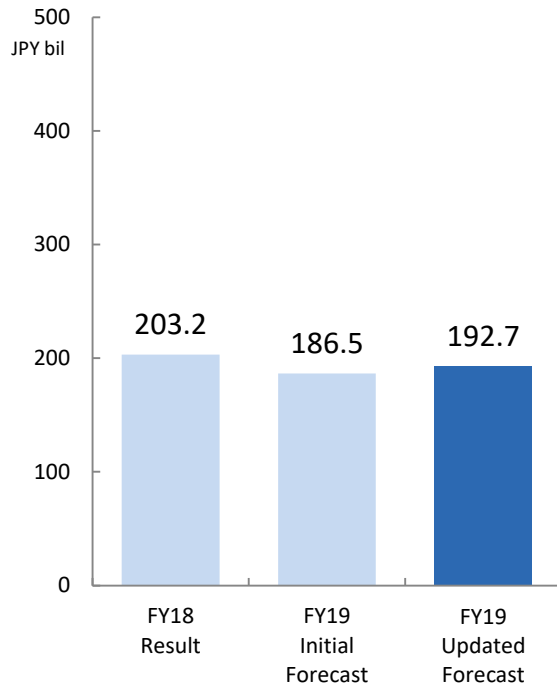
Revenues

➤ Equivalent to initial forecast

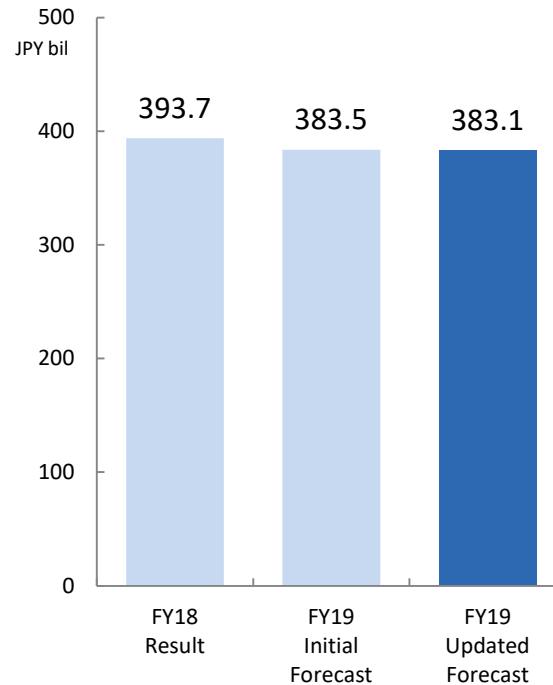
Ordinary Income

➤ Upward due to increased revenues of construction business

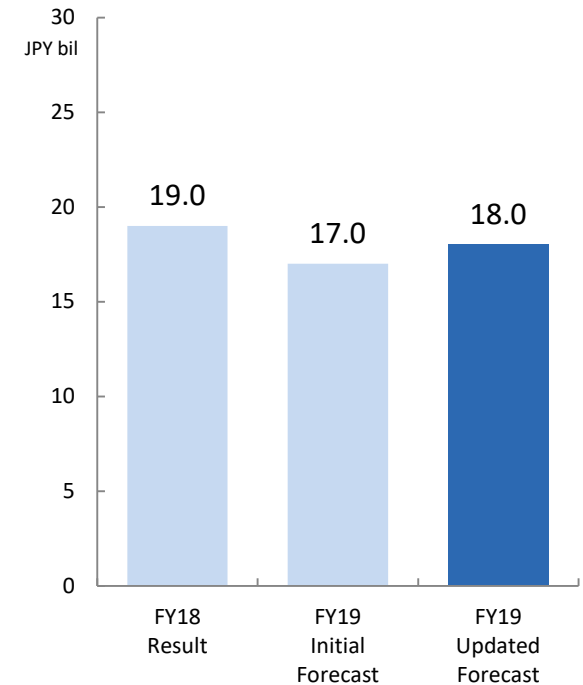
■ Construction Contract Awards



■ Revenues



■ Ordinary Income



3. Overseas Subsidiaries and Affiliates

Contracts

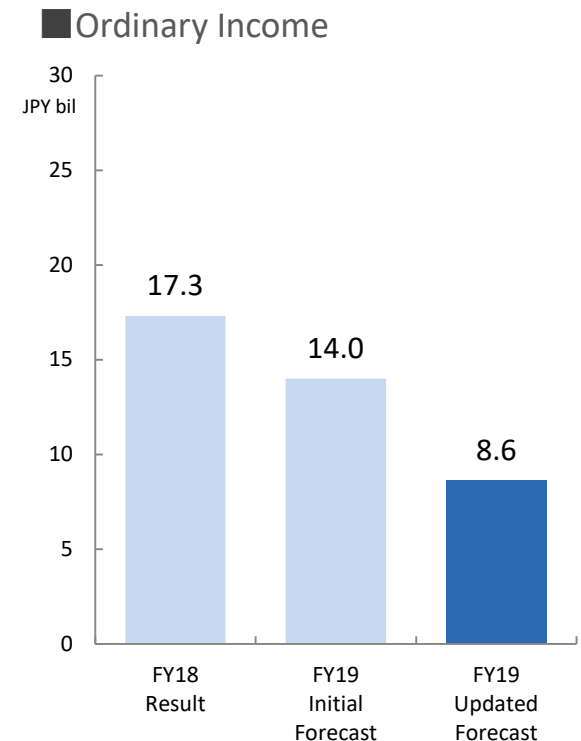
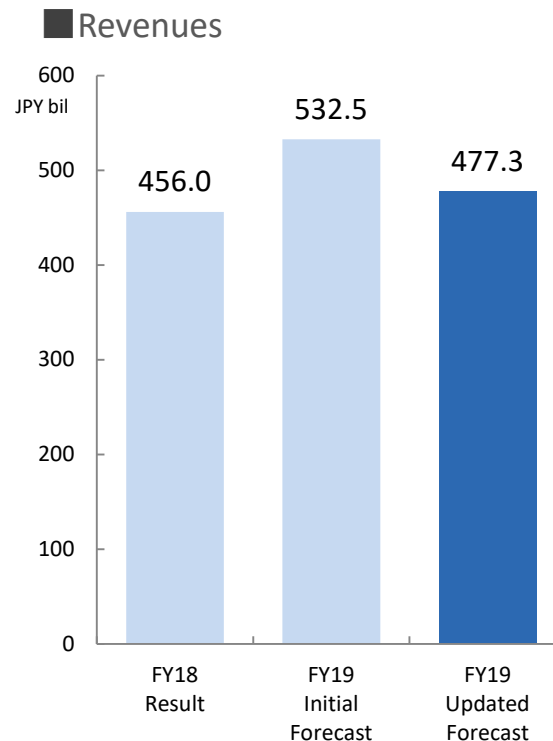
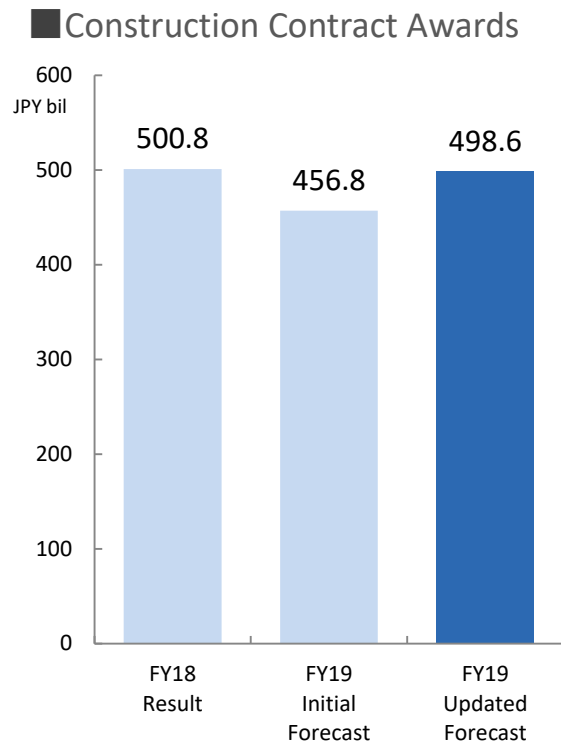
➤ Upward due to increase in the U.S.(KUSA) and Taiwan(Chung-Lu)

Revenues

➤ Downward due to delay of construction starts

Ordinary Income

➤ Downward due to loss of construction business in Australia(KA)



4. Stockholder Returns

Dividend is unchanged from initial forecast

Yen	FY17 Result	FY18 Result	FY19 Initial Forecast	FY19 Updated Forecast
Dividend per Share	48.00	50.00	50.00	50.00
Earnings per Share (EPS)	244.29	211.67	173.44	184.94
Payout Ratio	19.6%	23.6%	28.8%	27.0%

* 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.

- Policy on Stockholder 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 stockholder returns with consideration of business performance, financial condition and business environment.



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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 13, 2019, and are subject to risks and uncertainties that may cause the actual results to vary.