

FY2019 Financial Results

May 14, 2020



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FY2019 Results

(April 1, 2019 - March 31, 2020)

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

1. Business Environment

Domestic market trends

- Stable demand in civil engineering, mainly expressway and renewable energy sectors
- Redevelopment projects mainly in Tokyo metropolitan area and capital investment in the manufacturing industry supported demand in building construction

Impact of COVID-19

- No major impact on construction business in Japan, including materials procurement
- Domestic subsidiaries and affiliates experienced lower occupancy rates for facilities operated, which had minimal impact on their performance

2. Financial Highlights

Over ¥100.0 billion in net income for the fourth year in a row

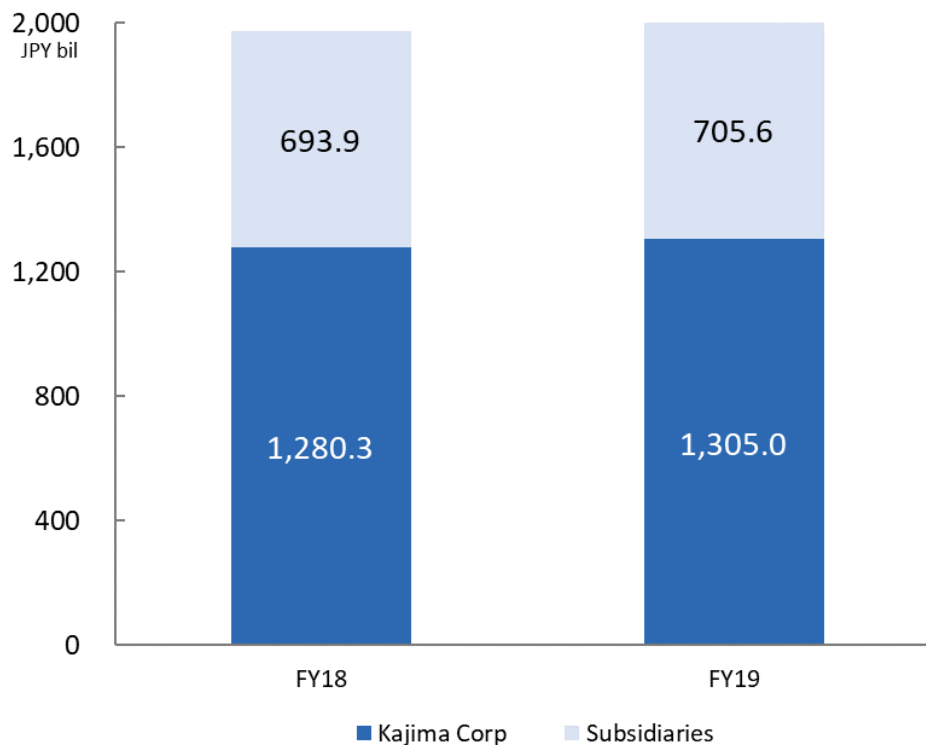
Billions of yen	FY18 Result	FY19 Result	YoY Change	FY19 Forecast ^{*1}
Revenues	1,974.2	2,010.7	36.4	2,000.0
Operating Income	142.6	131.9	(10.6)	121.0
Ordinary Income	162.9	146.6	(16.2)	130.0
Net Income ^{*2}	109.8	103.2	(6.5)	95.0
Construction Contract Awards	2,010.1	1,752.8	(257.3)	1,800.0
Interest-bearing Debt	298.7	326.8	28.1	330.0

*1 Announced on Nov 12, 2019

*2 Net Income Attributable to Owners of the Parent

2. Revenues

Billions of yen	FY18 Result	FY19 Result	YoY Change	Change from Forecast
Revenues	1,974.2	2,010.7	+36.4	+10.7

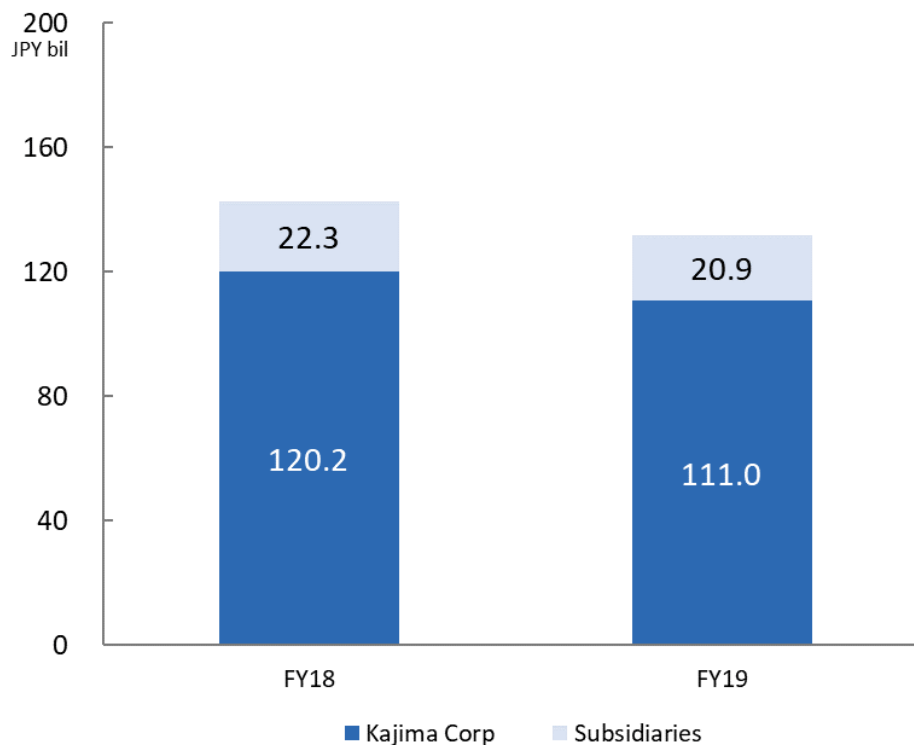


YoY Change Factors

- Building Construction (Kajima Corp) +29.4
- Civil Engineering (Kajima Corp) (12.9)
- Overseas Subsidiaries and Affiliates +13.0

2. Operating Income

Billions of yen	FY18 Result	FY19 Result	YoY Change	Change from Forecast
Operating Income	142.6	131.9	(10.6)	+10.9

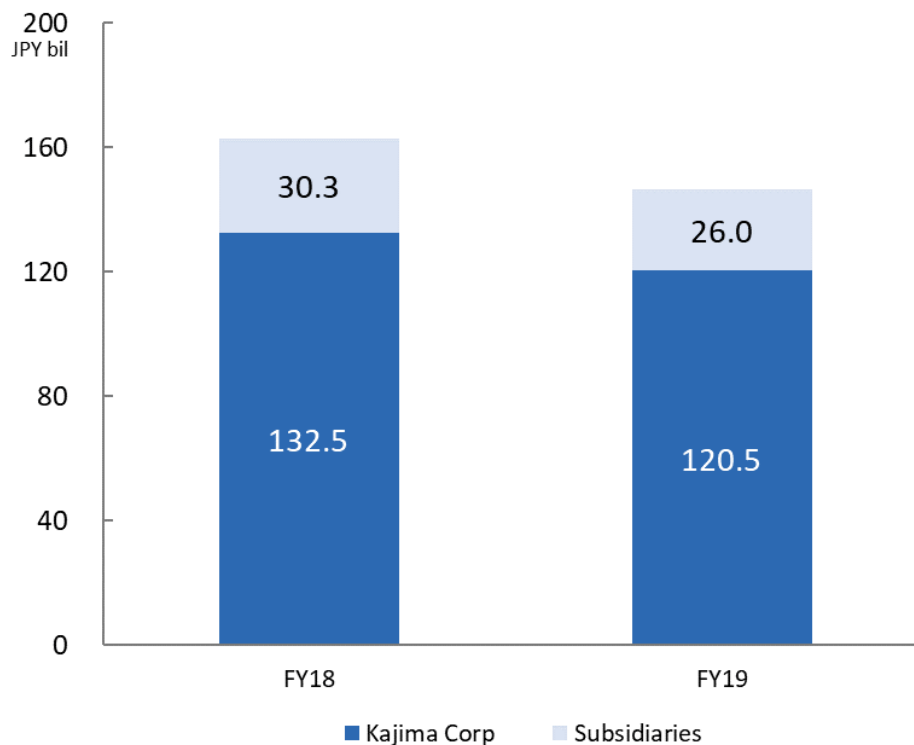


YoY Change Factors

- Gross Profit (Construction) (9.8)
- Increase in SG&A (7.5)

2. Ordinary Income

Billions of yen	FY18 Result	FY19 Result	YoY Change	Change from Forecast
Ordinary Income	162.9	146.6	(16.2)	+16.6



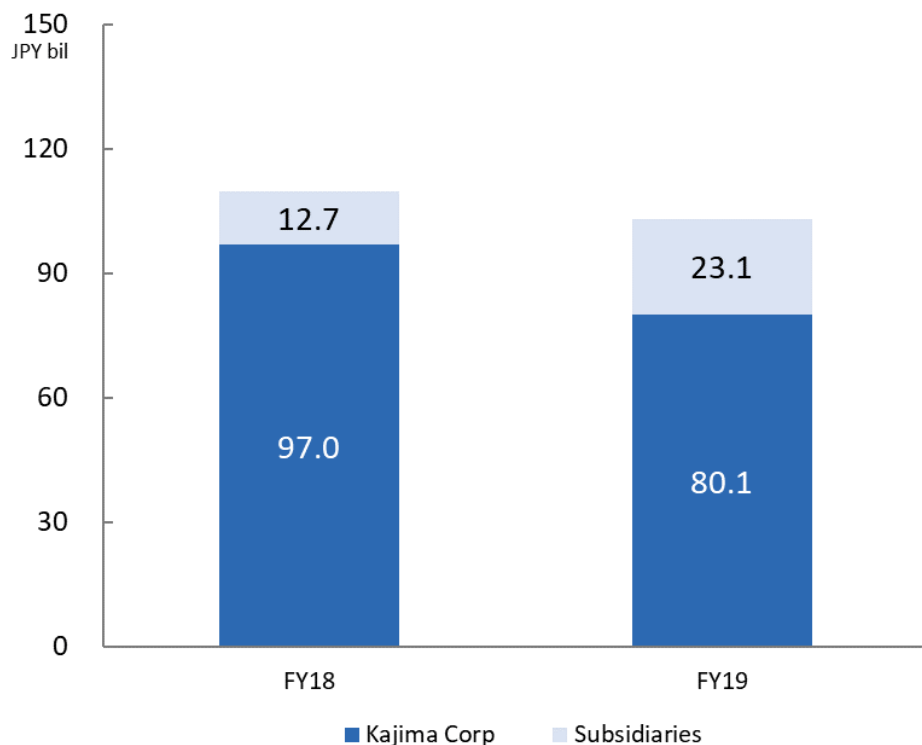
YoY Change Factors

➤ Operating Income	(10.6)				
➤ Non-operating Income – net	(5.6)				
<table border="0" style="margin-left: 20px;"> <tr> <td>Equity in Earnings of Partnership</td> <td>(1.8)</td> </tr> <tr> <td>Equity in Earnings of Unconsolidated Subsidiaries and Affiliates</td> <td>(1.6)</td> </tr> </table>	Equity in Earnings of Partnership	(1.8)	Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	(1.6)	
Equity in Earnings of Partnership	(1.8)				
Equity in Earnings of Unconsolidated Subsidiaries and Affiliates	(1.6)				

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY18 Result	FY19 Result	YoY Change	Change from Forecast
Net Income	109.8	103.2	(6.5)	+8.2

* Net Income Attributable to Owners of the Parent



YoY Change Factors

➤ Ordinary Income	(16.2)
➤ Extraordinary Income - net	+8.4
➤ Decrease in Income Taxes	+1.4
➤ Noncontrolling Interests	(0.2)

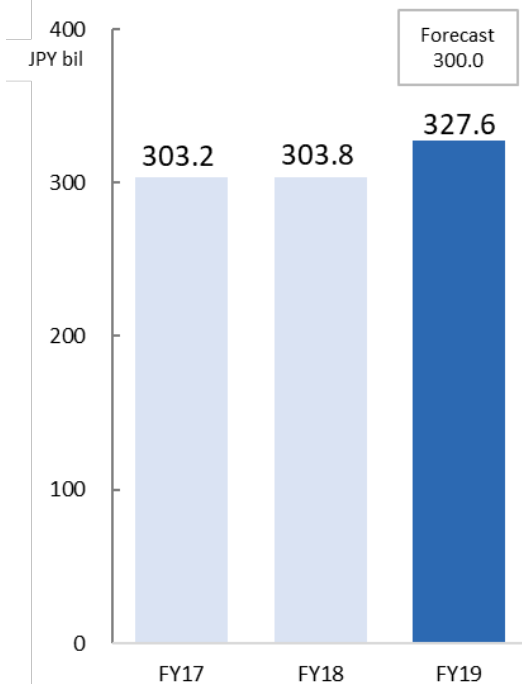
3. Civil Engineering (Kajima Corp)

Contracts ➤ Increase due to contract awards for several large-scale projects

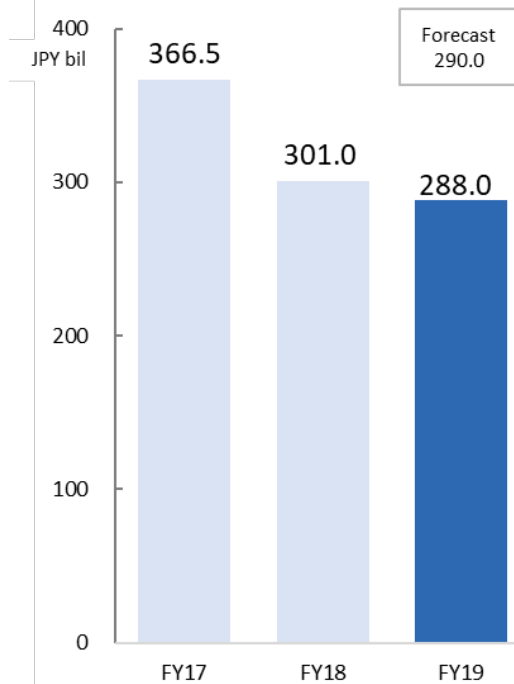
Revenues ➤ Equivalent level to FY18

Gross Profit ➤ Lower than forecast due to decline in progress of some projects

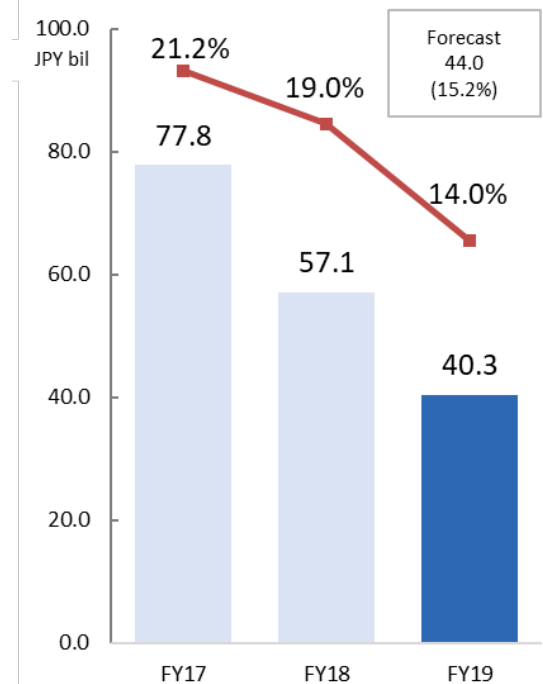
■ Contracts Awards



■ Revenues



■ Gross Profit

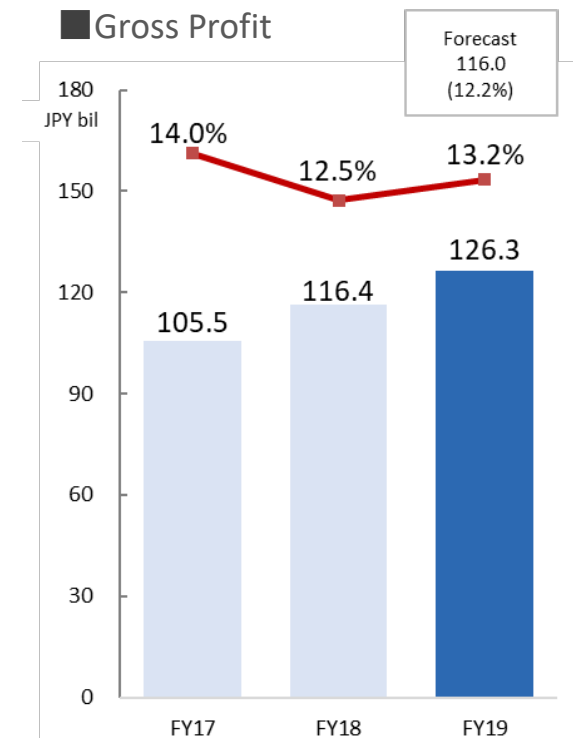
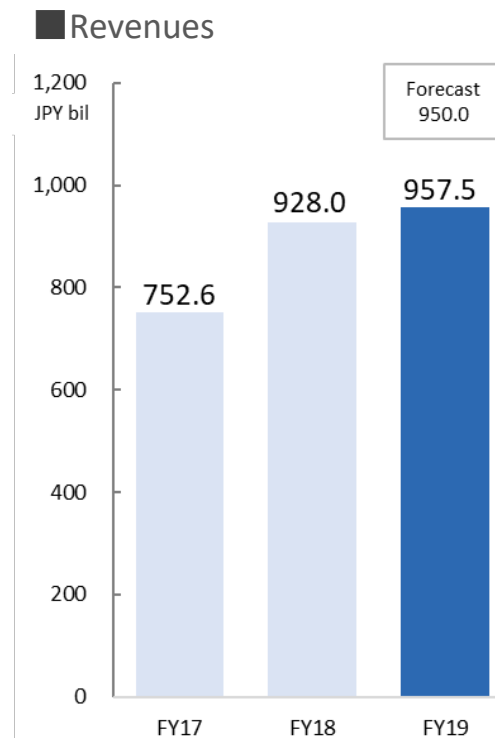
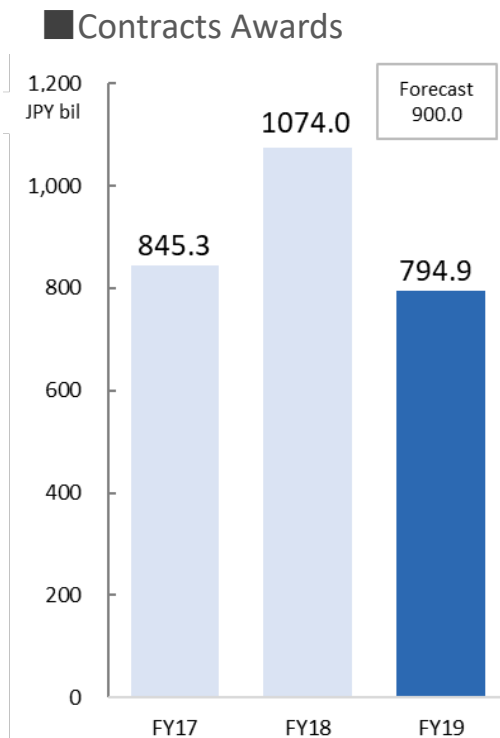


3. Building Construction (Kajima Corp)

Contracts ➤ Decline due to delays in final contracts for secured projects and highly probable projects

Revenues ➤ Steady progress in large-scale backlog projects

Gross Profit ➤ Improvement in margin due to acquisition of change orders and effect of cost reductions

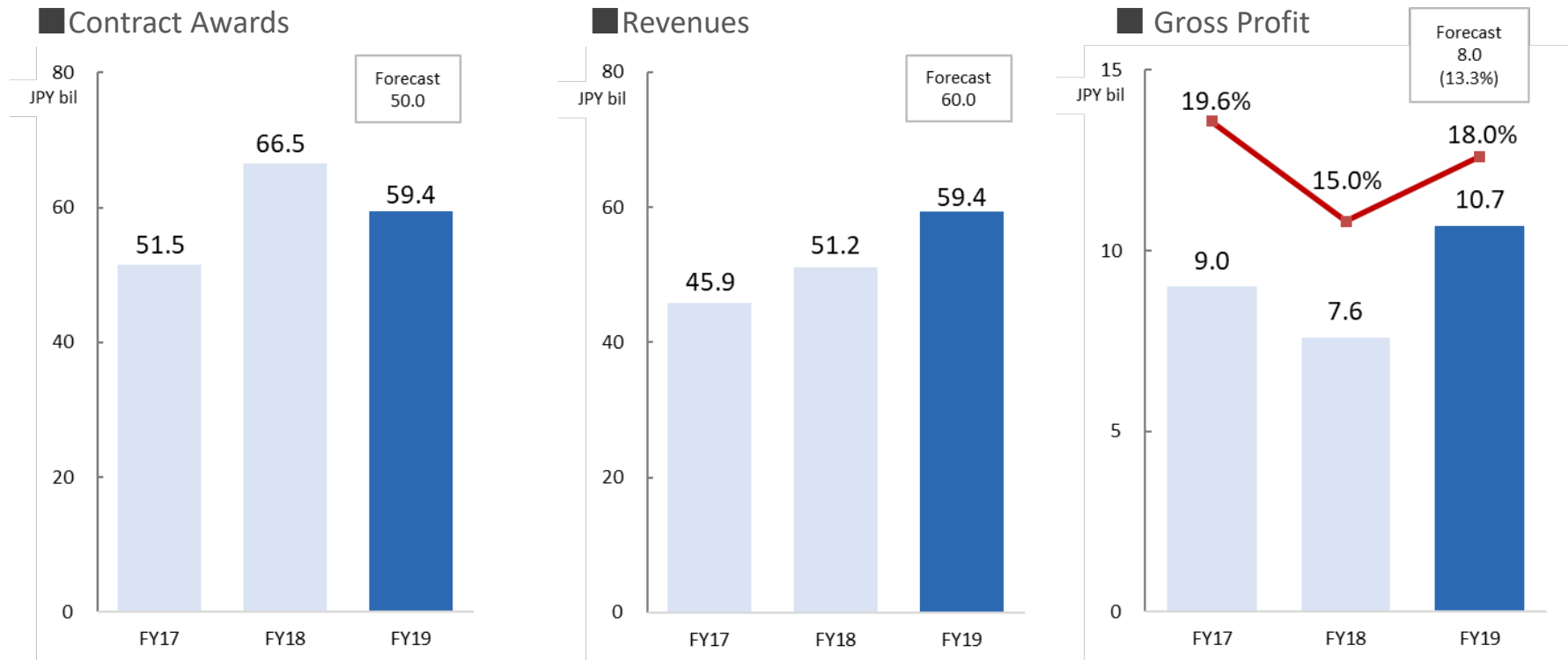


3. Real Estate and Other (Kajima Corp)

Contracts ➤ Relatively in high level

Revenues ➤ Disposition of several properties in addition to acquiring a specific large-scale income-producing property and increasing rents

Gross Profit ➤ Improvement in margin in addition to increased revenue



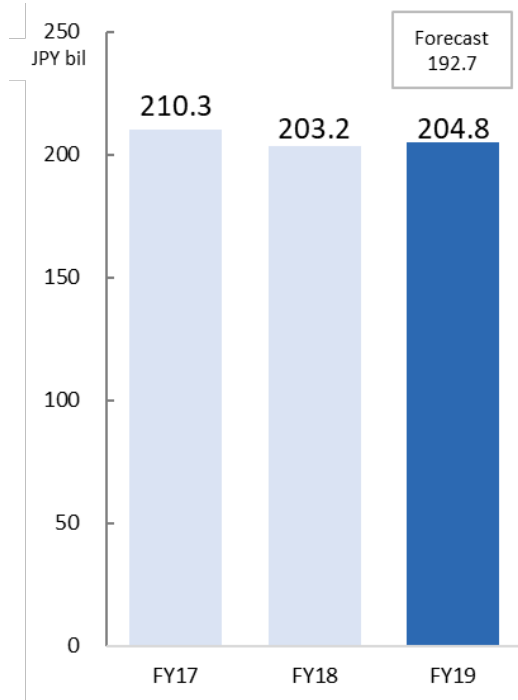
3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level to FY18

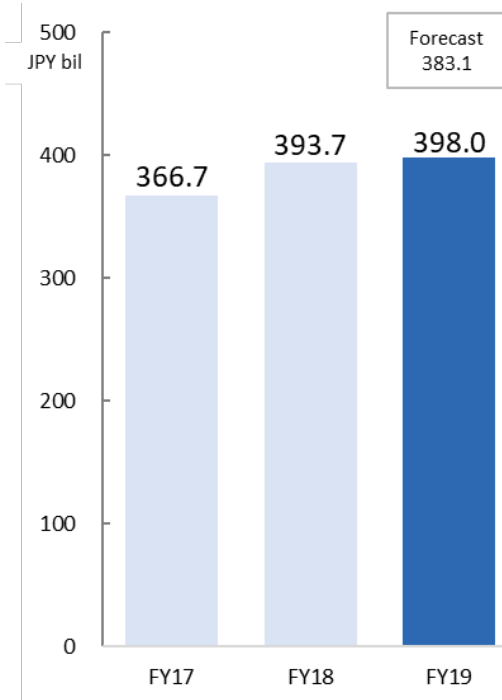
Revenues ➤ Equivalent level to FY18

Net Income ➤ Increase in operating income, mainly due to higher gross profit in construction business
 ➤ Improvement in extraordinary income (net) caused by ¥2.9 billion reversal of provision for loss on Antimonopoly Act (ref: ¥8.7 billion provision for loss posted in FY18)

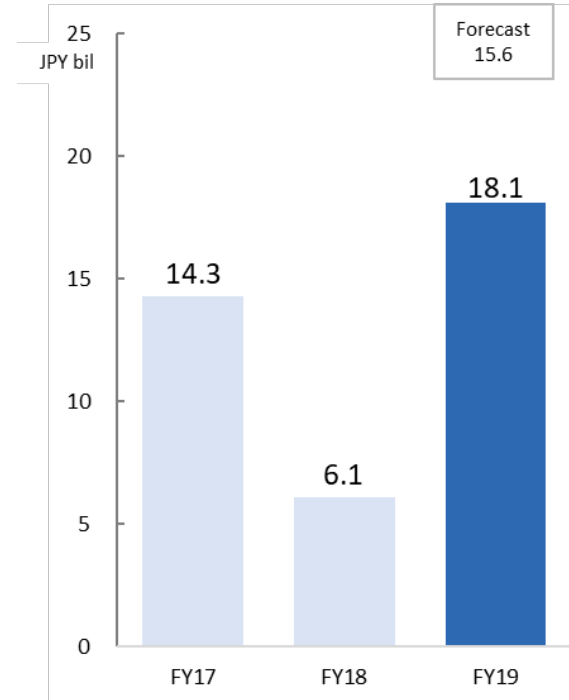
■ Construction Contract Awards



■ Revenues



■ Net Income



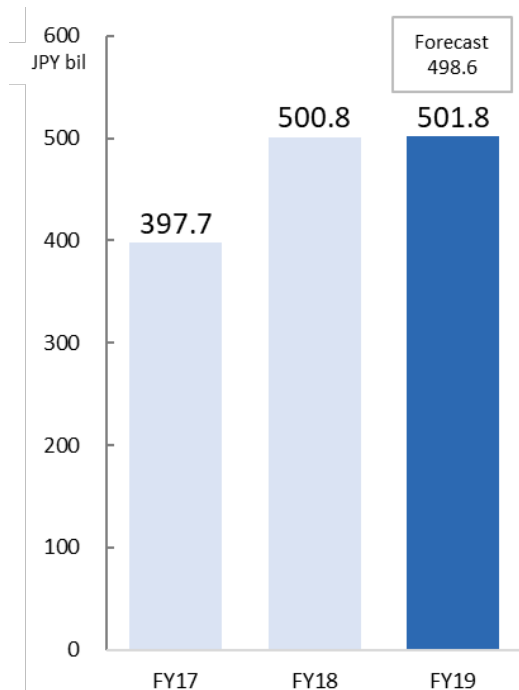
3. Overseas Subsidiaries and Affiliates

Contracts ➤ Equivalent level to FY18

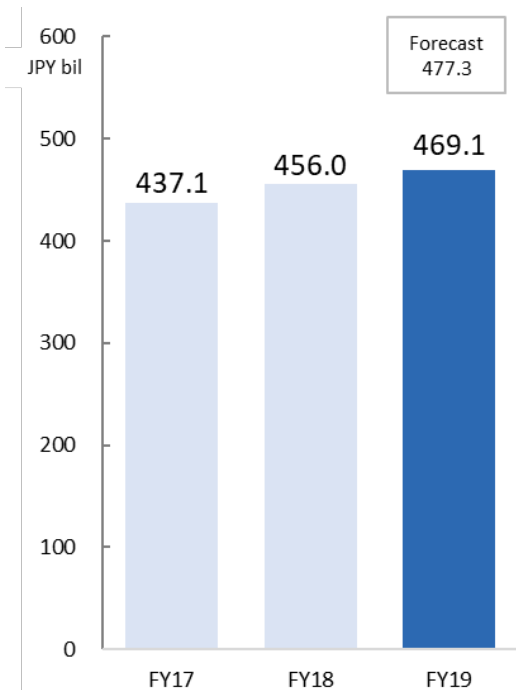
Revenues ➤ Increase mainly due to increase in the U.S.(KUSA)

Net Income ➤ Decline due to decrease in gross profit in construction business
 ➤ Higher than forecast due to favorable disposition of off-balance sheet properties

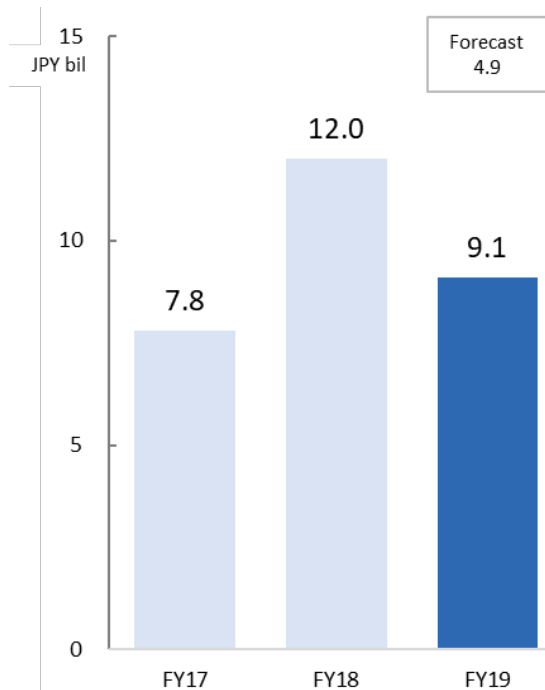
■ Construction Contract Awards



■ Revenues



■ Net Income



4. Financial Positions

Steady progress in increase of owners' equity toward ¥800 billion target

Billions of yen	FY18 Result	FY19 Result	YoY Change	FY19 Forecast ^{*1}
Total Assets	2,091.1	2,172.1	80.9	—
Interest-bearing Debt	298.7	326.8	28.1	330.0
Owners' Equity	753.2	791.7	38.5	—
Owners' Equity Ratio	36.0%	36.5%	+0.5pt	—
ROE	15.5%	13.4%	(2.1pt)	—

*1 Announced on Nov 12, 2019

5. Investment Plan

- Medium-Term Business Plan: Investment of ¥500 billion over 3 years
 - Proactive investment in the real estate business in Japan and overseas as well as R&D from a medium- to long-term perspective

(¥ billion)

	FY18 Result	FY19 Result	3-year Plan (FY18-FY20)
■ Domestic/Overseas real estate development	68.0	144.0	400.0
Domestic	35.0	81.0	160.0
Overseas	33.0	63.0	240.0
■ R&D Investment	15.0	18.0	50.0
■ Strengthen competitiveness/ sustainable growth	26.0	21.0	50.0
Total	109.0	183.0	500.0



FY2020 Forecast

(April 1, 2020 - March 31, 2021)

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

1. Business Environment

Impact of COVID-19 and Business Performance Outlook

- Uncertainty has increased, and the Company monitors the impact on order acquisitions
- In the construction business (Kajima Corp.), a decline in revenue and associated fall in profit is expected in addition to the fact that the Company has relatively fewer progress of large-scale building projects
- In the real estate and other business (Kajima Corp.), impact is expected to be minimal based on current status of rents and sale contracts
- In domestic subsidiaries and affiliates, a decline in construction business revenue and lower occupancy rates for facilities operated is expected
- For overseas subsidiaries and affiliates, site closures for a certain period and higher costs in construction business and lower occupancy rates for facilities operated in real estate business have already occurred

2. Financial Highlights

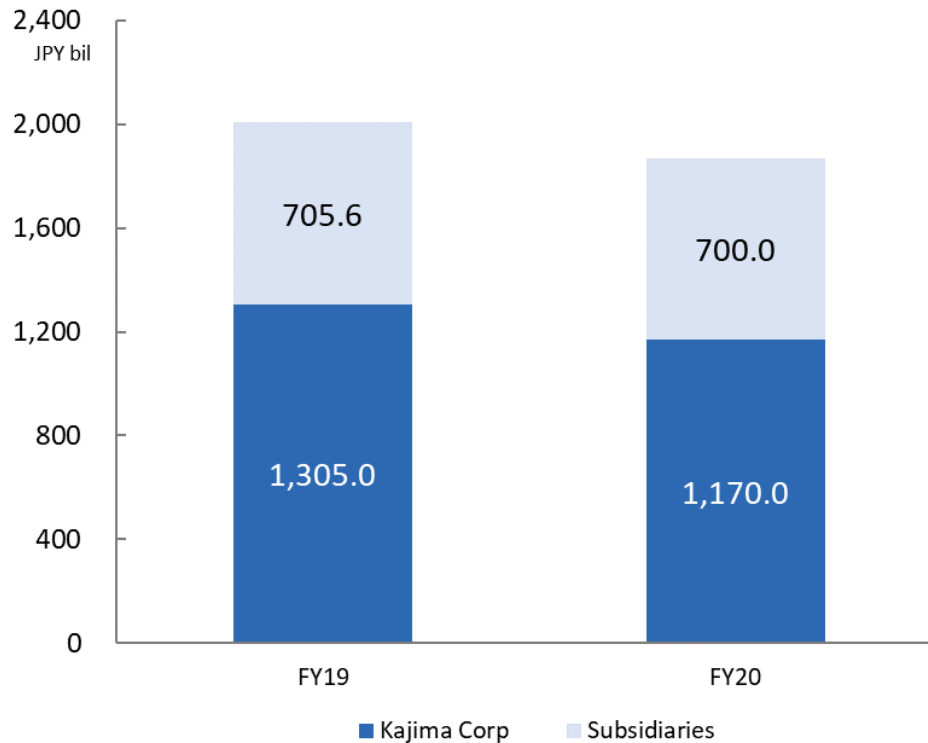
Net income projection equal to target in Medium-Term Business Plan

Billions of yen	FY19 Result	FY20 Forecast	YoY Change
Revenues	2,010.7	1,870.0	(140.7)
Operating Income	131.9	111.0	(20.9)
Ordinary Income	146.6	118.0	(28.6)
Net Income ^{*1}	103.2	80.0	(23.2)
Construction Contract Awards	1,752.8	1,830.0	77.1
Interest-bearing Debt	326.8	380.0	53.1

*1 Net Income Attributable to Owners of the Parent

2. Revenues

Billions of yen	FY19 Result	FY20 Forecast	YoY Change
Revenues	2,010.7	1,870.0	(140.7)

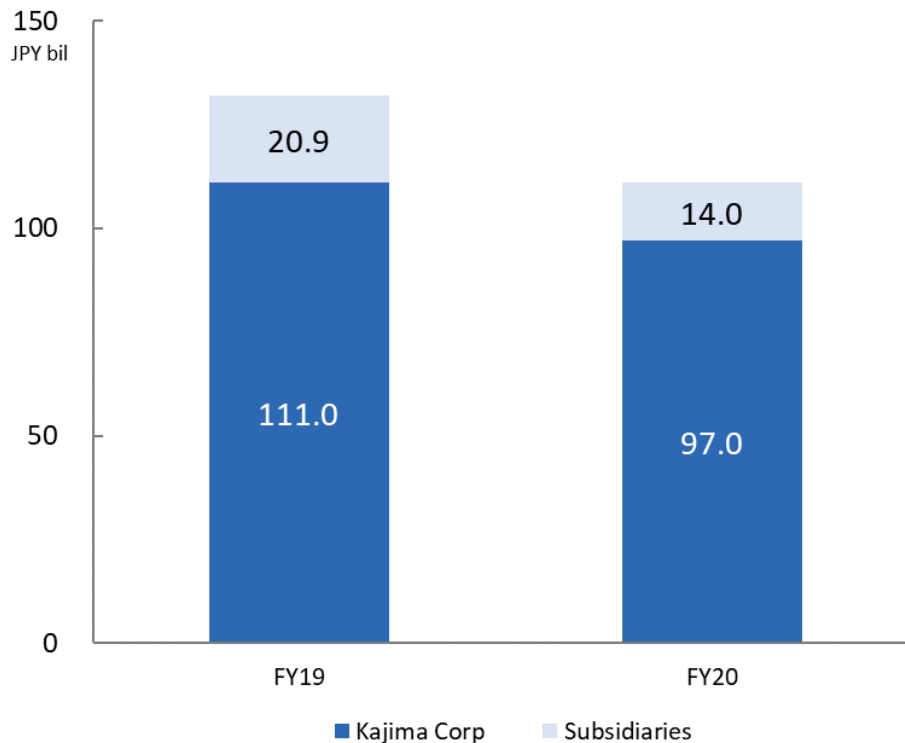


YoY Change Factors

- Building Construction (Kajima Corp) (137.5)
- Domestic Subsidiaries and Affiliates (42.8)
- Overseas Subsidiaries and Affiliates +20.6

2. Operating Income

Billions of yen	FY19 Result	FY20 Forecast	YoY Change
Operating Income	131.9	111.0	(20.9)

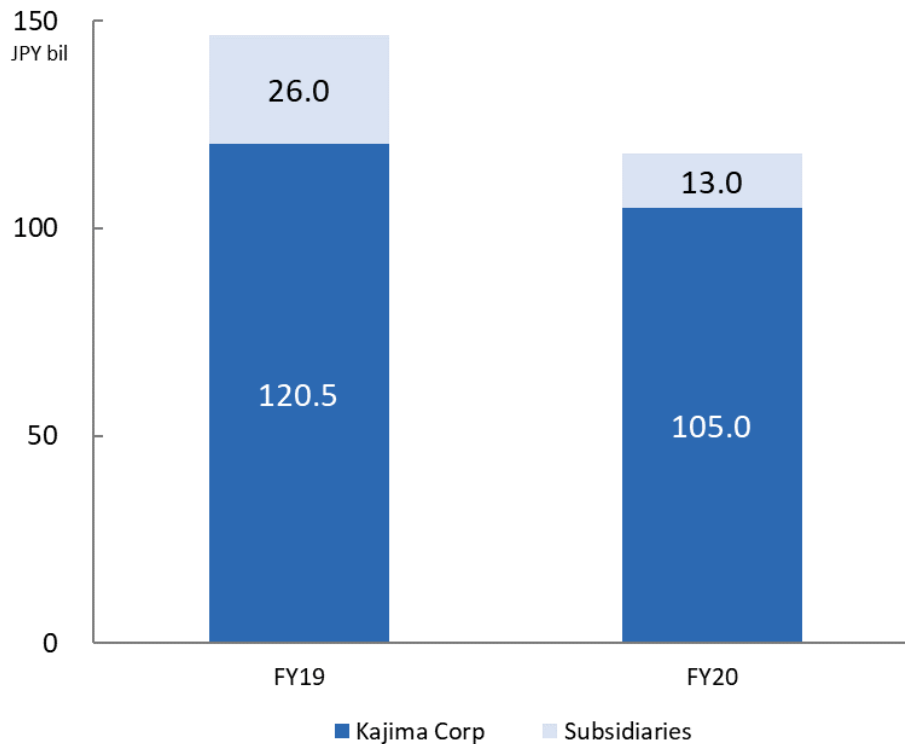


YoY Change Factors

- Gross Profit (Construction) (22.5)
- Gross Profit (Real Estate and other) +2.4
- Increase in SG&A (0.8)

2. Ordinary Income

Billions of yen	FY19 Result	FY20 Forecast	YoY Change
Ordinary Income	146.6	118.0	(28.6)



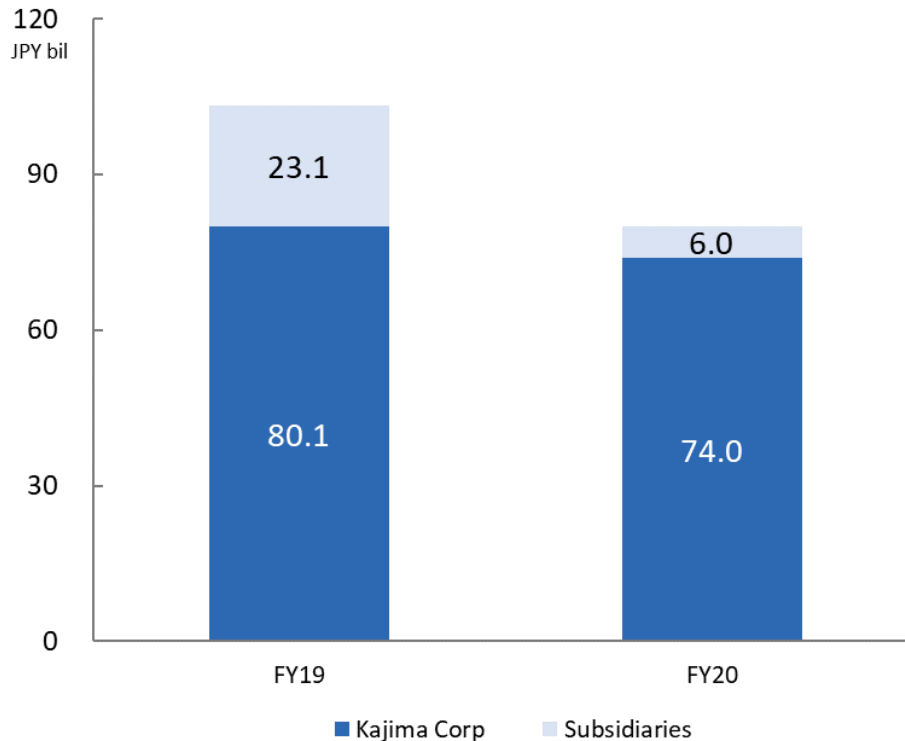
YoY Change Factors

➤ Operating Income	(20.9)
➤ Non-operating Income – net	(7.6)
[
Financing	(3.0)
Equity in Earnings of Partnership	(2.7)
]	

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY19 Result	FY20 Forecast	YoY Change
Net Income	103.2	80.0	(23.2)

* Net Income Attributable to Owners of the Parent



YoY Change Factors

- Ordinary Income (28.6)
- Extraordinary Income - net (2.9)
- Decrease in Income Taxes +8.6
- Noncontrolling Interests (0.2)

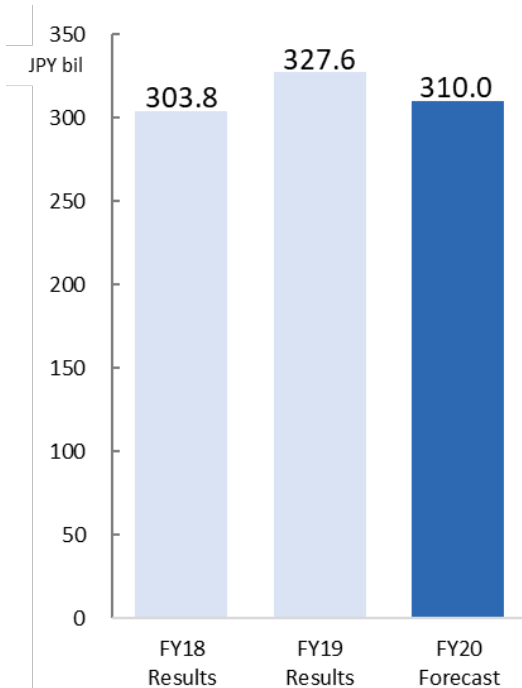
3. Civil Engineering (Kajima Corp)

Contracts ➤ Expect to maintain over ¥300 billion level

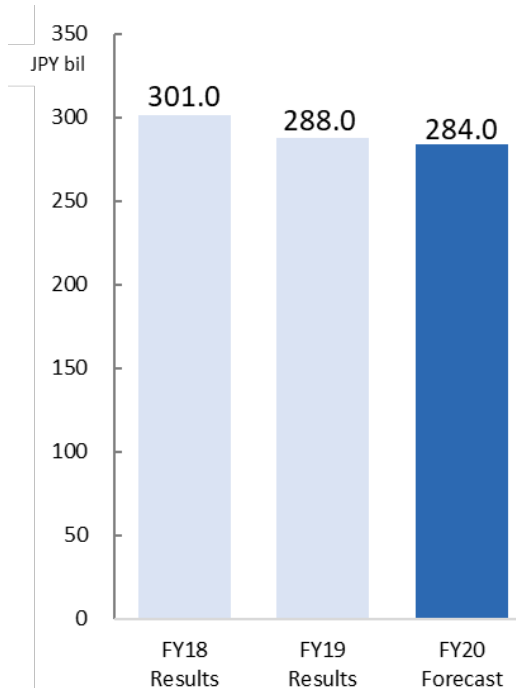
Revenues ➤ Equivalent level to FY19

Gross Profit ➤ Expect gross profit margin to recover to 15% level due to improvement of productivity and cost reductions

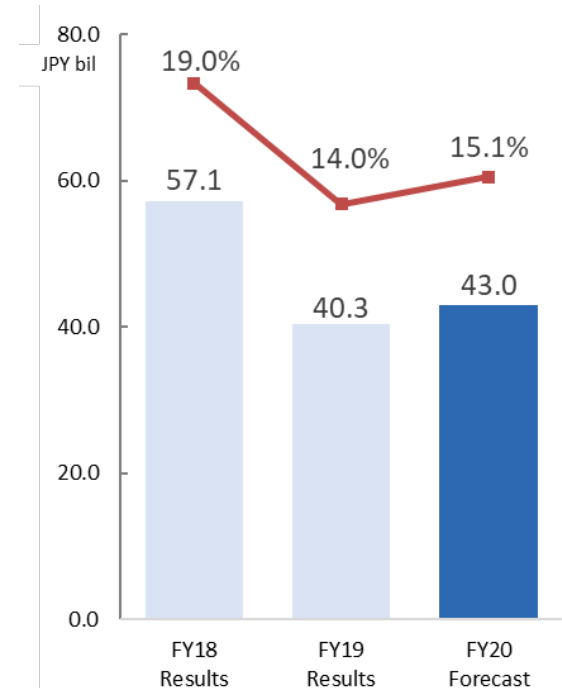
■ Contract Awards



■ Revenues



■ Gross Profit



3. Building Construction (Kajima Corp)

Contracts

➤ Expect increase based on secured projects and highly probable projects , but will monitor impact of COVID-19

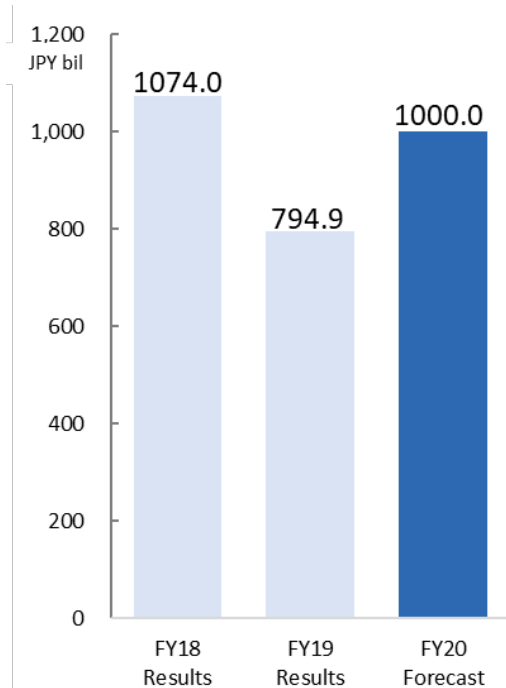
Revenues

➤ Expect decline due to impact of COVID-19 in addition to the fact that the Company has relatively fewer progress of large-scale building projects

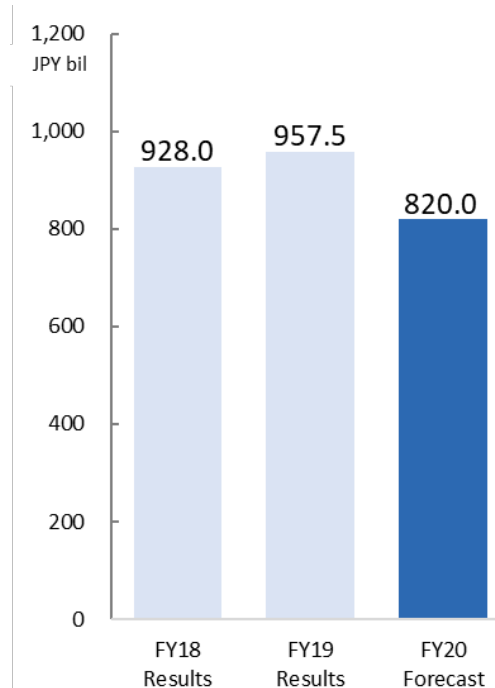
Gross Profit

➤ Expect to secure gross profit margin at 12% level due to improvement of productivity and cost reductions

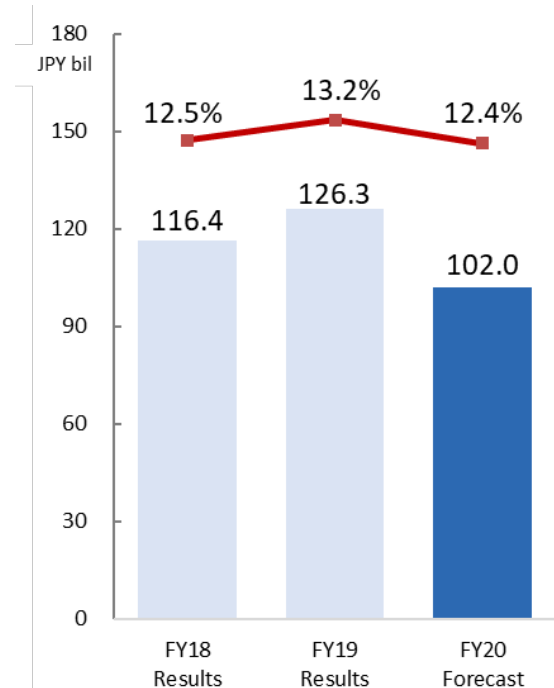
■ Contract Awards



■ Revenues



■ Gross Profit



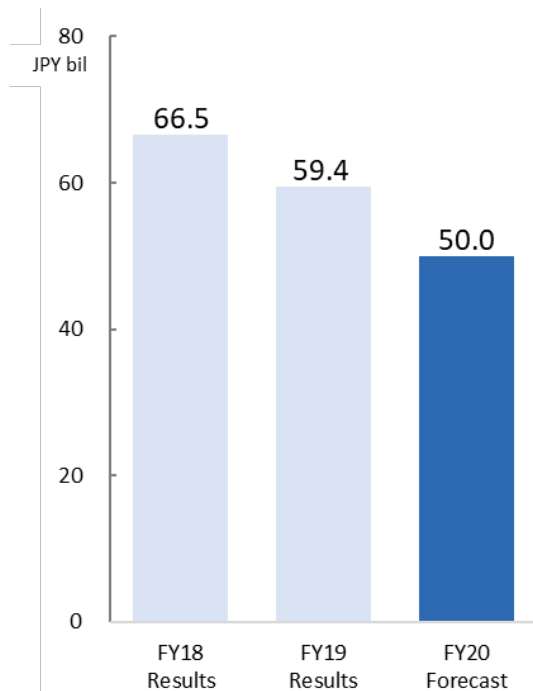
3. Real Estate and Other (Kajima Corp)

Contracts ➤ Expect decrease from high level of FY2019

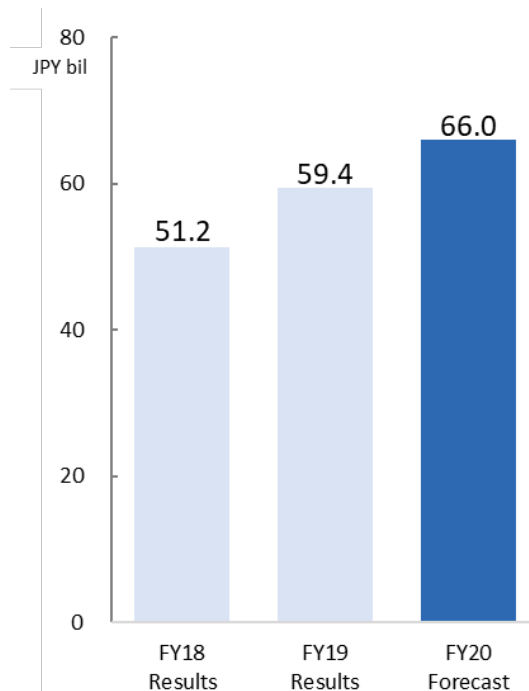
Revenues ➤ Expect increase due to sale of projects for which contracts have been concluded

Gross Profit ➤ Expect increase due to growth in project sales

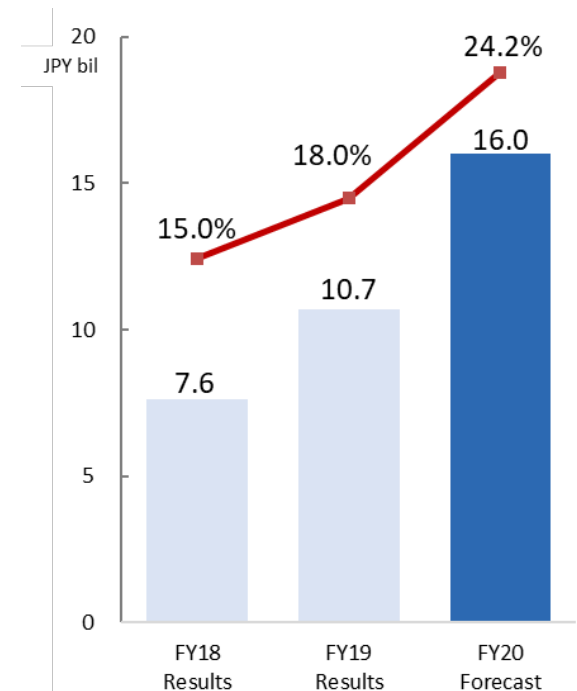
■ Contract Awards



■ Revenues



■ Gross Profit



3. Domestic Subsidiaries and Affiliates

Contracts

- Expect slight decrease due to impact of COVID-19

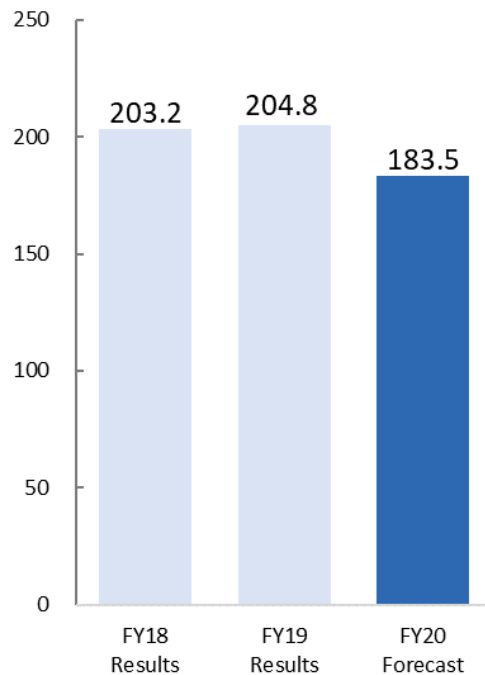
Revenues

- Expect decrease due to decline in contracts and lower occupancy rates of facilities operated

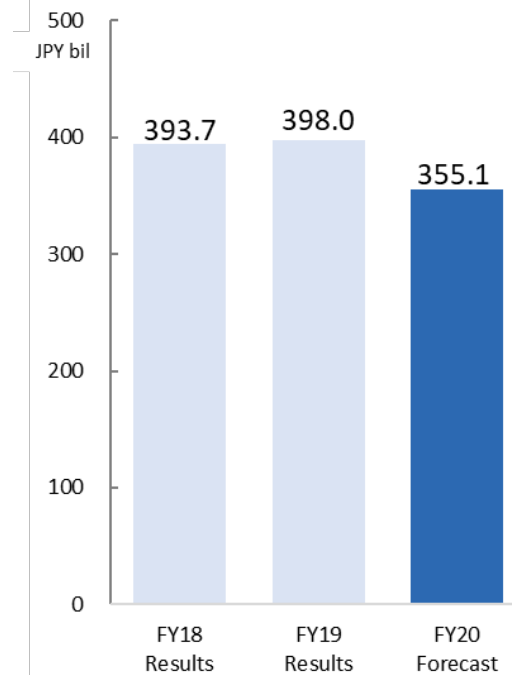
Net Income

- Expect decrease in construction business and decrease in facilities-operated business
- ¥2.9 billion reversal of provision for loss on Antimonopoly Act posted in FY19

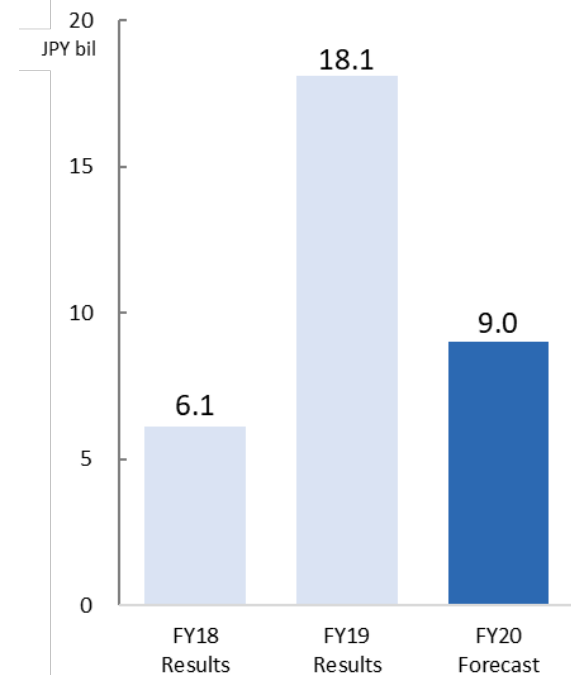
■ Construction Contract Awards



■ Revenues



■ Net Income



3. Overseas Subsidiaries and Affiliates

Contracts

➤ Expect decrease, given postponement of construction projects due to impact of COVID-19

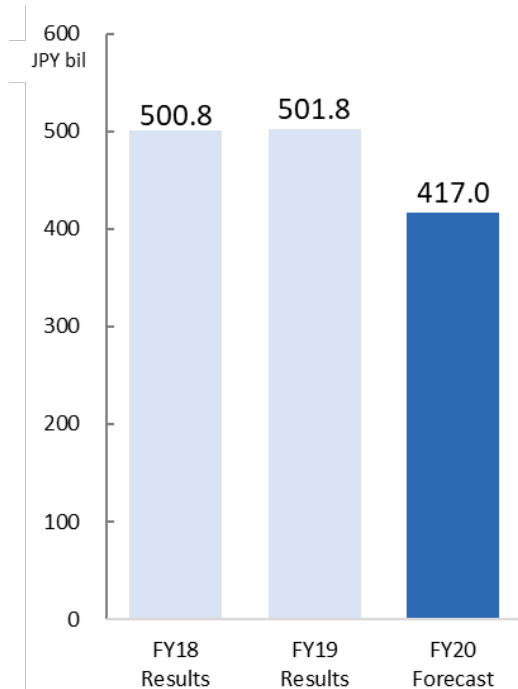
Revenues

➤ Although there will be impact of COVID-19, expect increase due to ample construction backlog projects in progress and sale plans for real estate projects

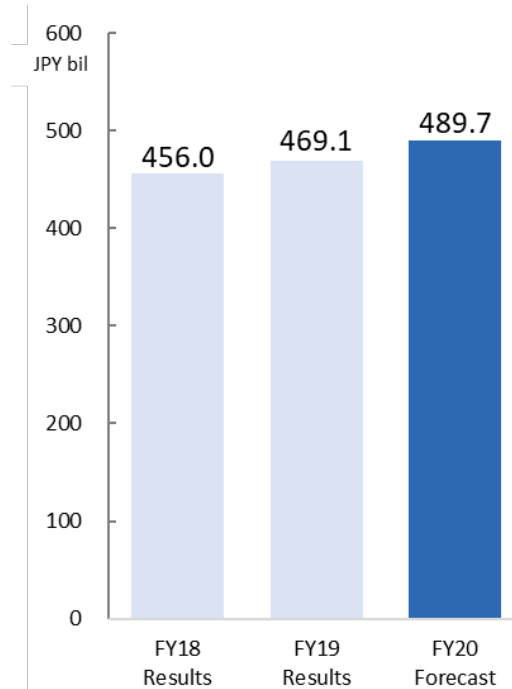
Net Income

➤ Expect site closures for a certain period and associated higher costs in construction business and review of sale timing and lower occupancy rates for facilities operated in real estate business

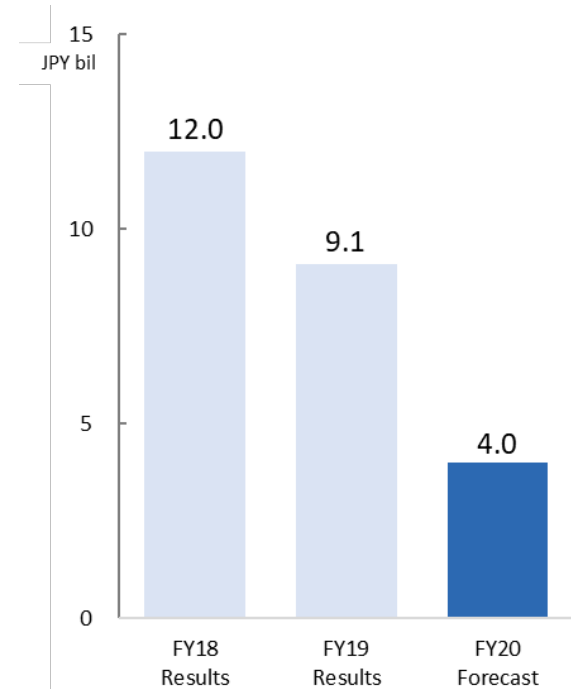
■ Construction Contract Awards



■ Revenues



■ Net Income



4. Shareholder Returns

Maintain ¥50 per share annual dividend

Billions of yen	FY18 Result ^{*1}	FY19 Result	FY19 Forecast ^{*2}	FY20 Forecast
Dividend per Share	50.00	50.00	50.00	50.00
Earnings per Share (EPS)	211.67	200.99	184.94	156.07
Payout Ratio	23.6%	24.9%	27.0%	32.0%

^{*1} The Company consolidated its shares at a rate of one share for every two shares, effective October 1, 2018. Accordingly, the figures for FY2018 are calculated as if the consolidation of shares had been conducted at the beginning of FY2018.

^{*2} Announced on Nov 12, 2019

- 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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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 14, 2020, and are subject to risks and uncertainties that may cause the actual results to vary.