

FY2020 Financial Results

May 14, 2021





FY2020 Results

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FY2021 Financial Forecast

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FY2020 Results

(April 1, 2020 - March 31, 2021)

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

1. Business Environment

Domestic market trends

- Public sector investment remained firm
- Private capital investment has been on a declining trend due to a cautious investment stance, and the competitive environment has become increasingly severe
- Generally stable balance of supply and demand for labor as well as materials

Impact of COVID-19

- No substantial impact on both construction and real estate business run by Kajima Corp.
- Limited impact on the construction business while decline in occupancy rate at operating facilities in Domestic Subsidiaries and Affiliates segment
- As for Overseas Subsidiaries and Affiliates segment, limited impact on operation in North America, Europe, and Oceania, while prolonged adverse affect on both construction and real estate facility businesses in Southeast Asia

2. Financial Highlights

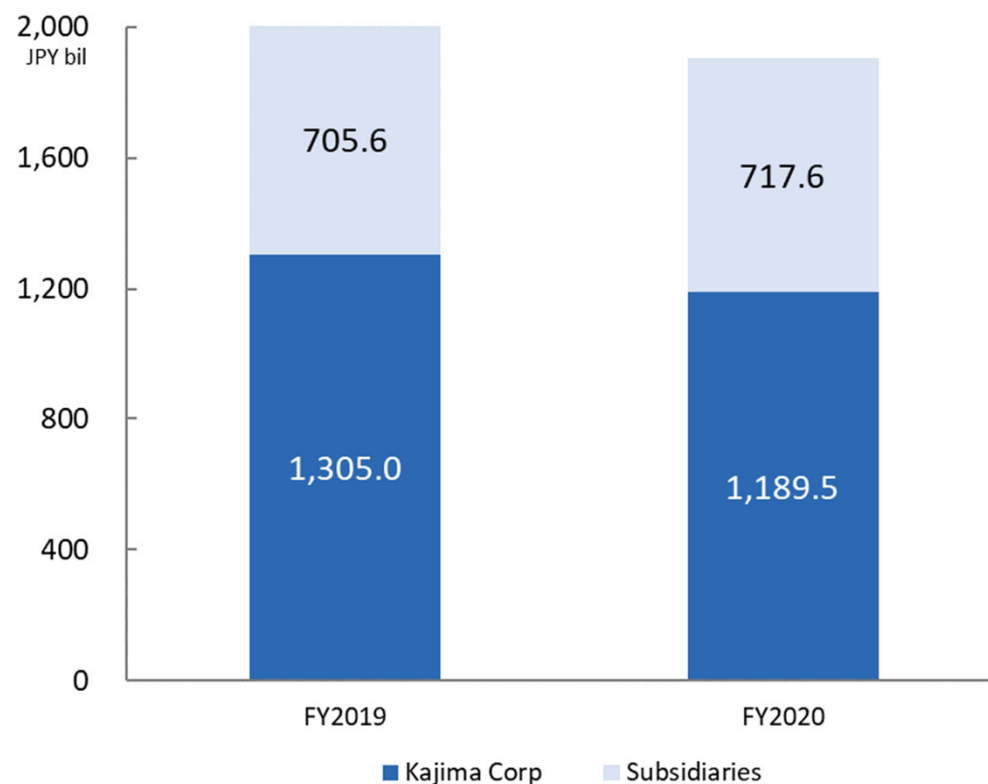
Net income reached ¥98.5 billion compared to the full-year forecast of ¥80 billion

Billions of yen	FY2019 Result	FY2020 Result	YoY Change	FY2020 Forecast ^{*1}
Revenues	2,010.7	1,907.1	(103.5)	1,910.0
Operating Income	131.9	127.2	(4.6)	115.0
Ordinary Income	146.6	139.7	(6.9)	123.0
Net Income ^{*2}	103.2	98.5	(4.7)	80.0
Construction Contract Awards	1,752.8	1,720.1	(32.6)	1,790.0
Interest-bearing Debt	326.8	317.0	(9.8)	380.0

*1 Announced on Nov 10, 2020 *2 Net Income Attributable to Owners of Parent

2. Revenues

Billions of yen	FY2019 Result	FY2020 Result	YoY Change	Change from Forecast
Revenues	2,010.7	1,907.1	(103.5)	(2.8)

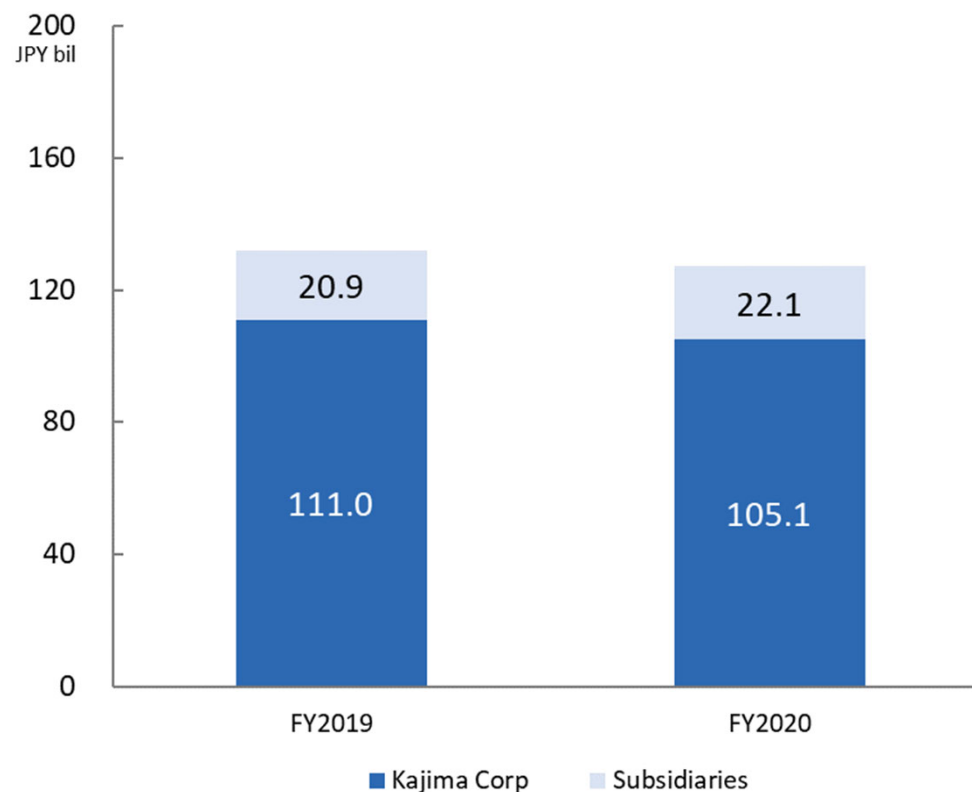


YoY Change Factors

- Building Construction (Kajima Corp) (175.3)
- Domestic Subsidiaries and Affiliates (17.3)
- Civil Engineering (Kajima Corp) +46.6
- Overseas Subsidiaries and Affiliates +20.0

2. Operating Income

Billions of yen	FY2019 Result	FY2020 Result	YoY Change	Change from Forecast
Operating Income	131.9	127.2	(4.6)	+12.2

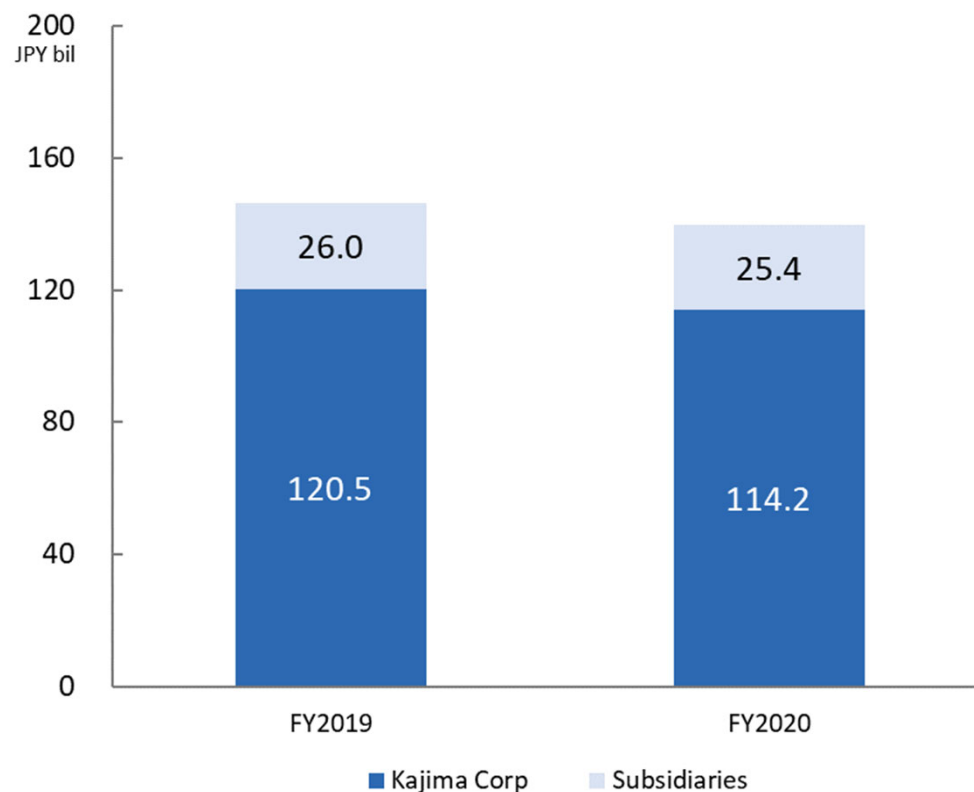


YoY Change Factors

- Gross Profit (Building Construction, Kajima Corp) (26.7)
- Gross Profit (Civil Engineering, Kajima Corp) +11.5
- Gross Profit (Real Estate and Other, Kajima Corp) +8.9

2. Ordinary Income

Billions of yen	FY2019 Result	FY2020 Result	YoY Change	Change from Forecast
Ordinary Income	146.6	139.7	(6.9)	+16.7

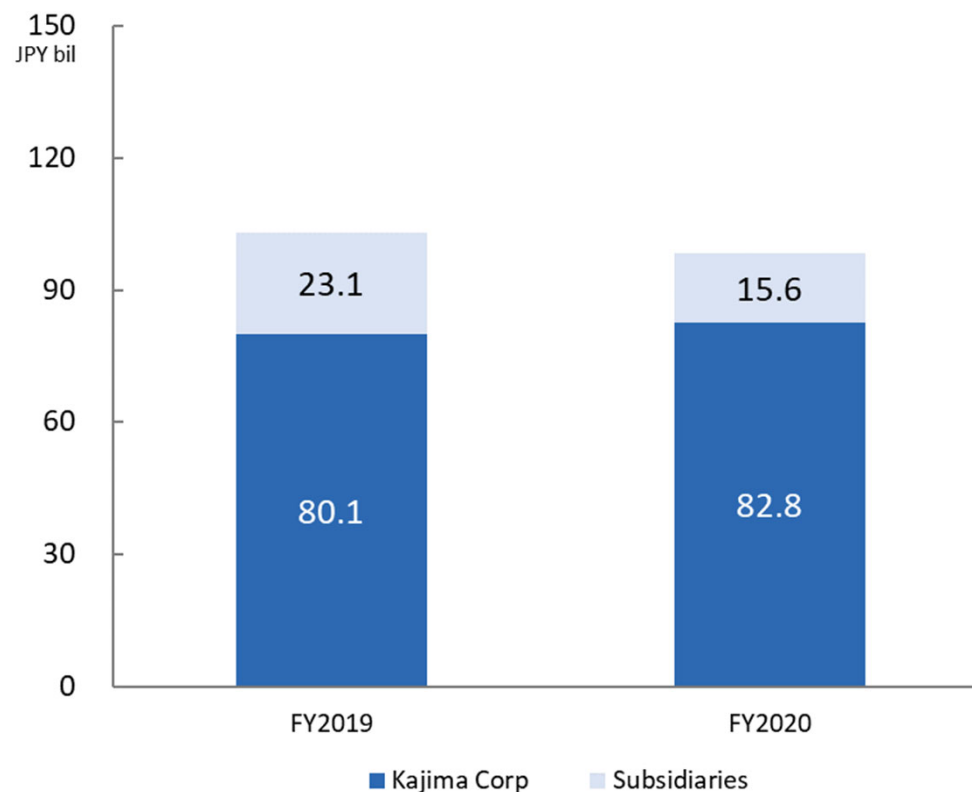


YoY Change Factors

➤ Operating Income	(4.6)
➤ Non-operating Income - net	(2.2)
<ul style="list-style-type: none"> Equity in Earnings of Partnership (3.4) Equity in Earnings of Unconsolidated Subsidiaries and Affiliates +2.0 	

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY2019 Result	FY2020 Result	YoY Change	Change from Forecast
Net Income	103.2	98.5	(4.7)	+18.5



YoY Change Factors

➤ Ordinary Income	(6.9)
➤ Extraordinary Income - net	+2.5
(Gain on Sales of Investment Securities)	+7.2
➤ Increase in Income Taxes	(0.6)
➤ Decrease in Noncontrolling Interests	+0.2

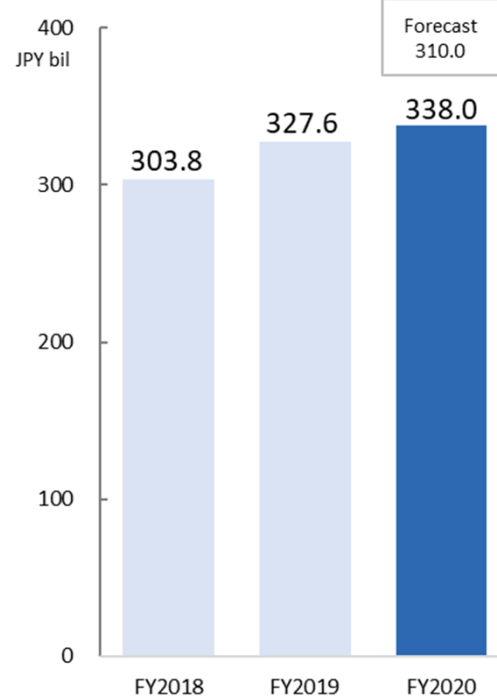
3. Civil Engineering (Kajima Corp)

Contracts ➤ Increased due to several large-scale projects and the acquisition of change orders

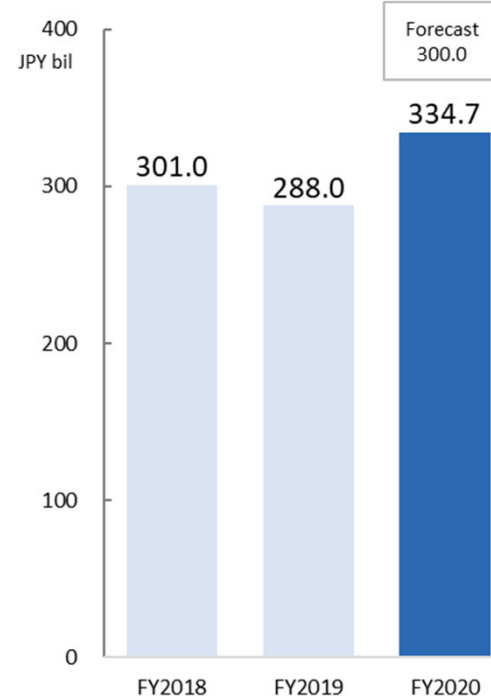
Revenues ➤ Increased owing to steady progress on backlog projects

Gross Profit ➤ Increased due to the effects of productivity improvements and the acquisition of change orders, mainly for completed construction projects

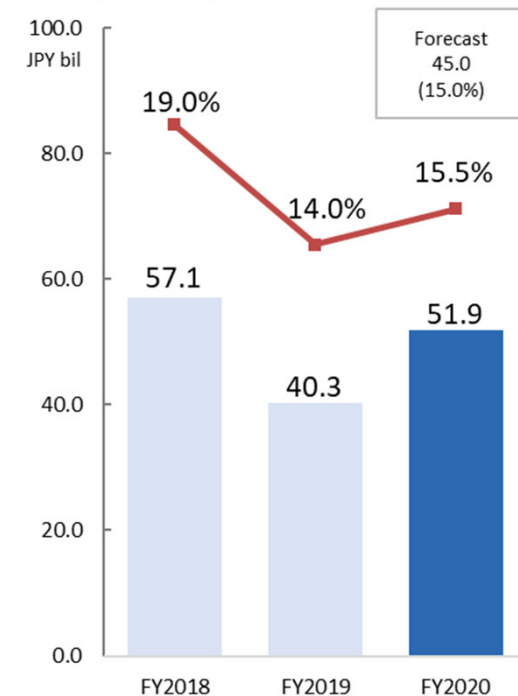
■ Contract Awards



■ Revenues



■ Gross Profit



3. Building Construction (Kajima Corp)

Contracts

- Lower than forecast due to postponement of secured projects and highly probable projects, despite exceeding FY2019

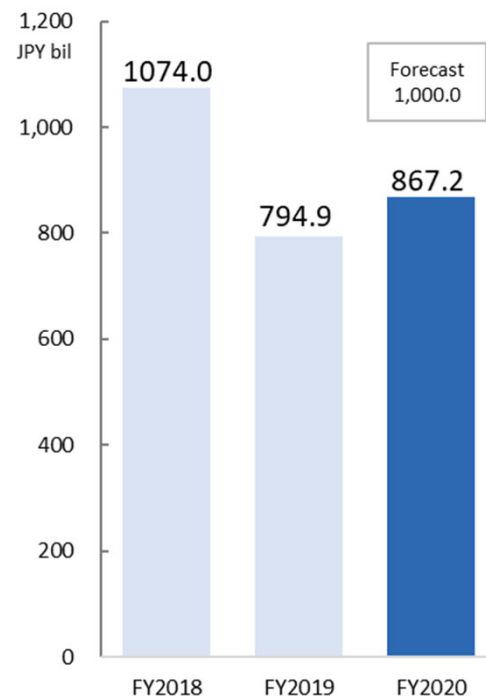
Revenues

- Decreased due to low volume of large-scale building projects
- Lower than forecast due to delays in the timing of new contracts caused by COVID-19

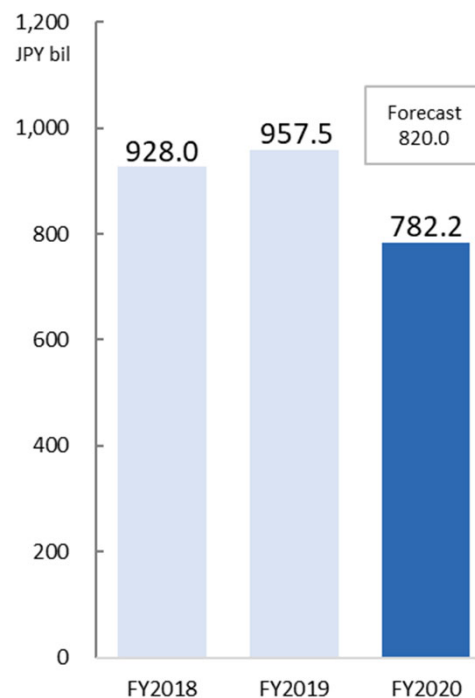
Gross Profit

- Declined in response to a decrease in revenues

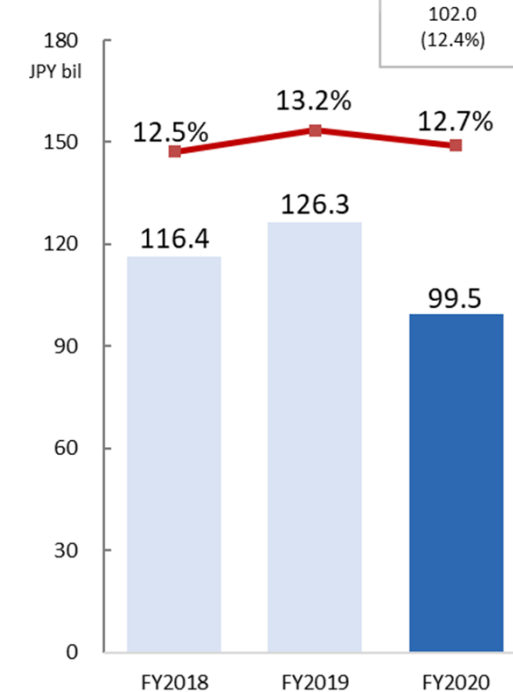
■ Contract Awards



■ Revenues



■ Gross Profit



3. Real Estate and Other (Kajima Corp)

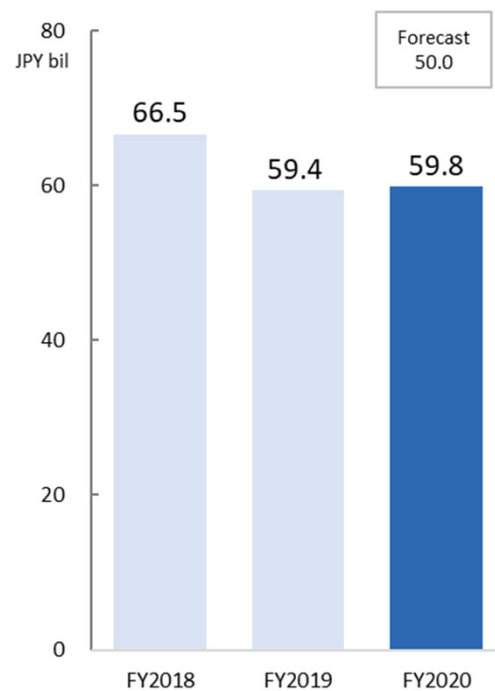
Contracts ➤ Equivalent level to FY2019

Revenues

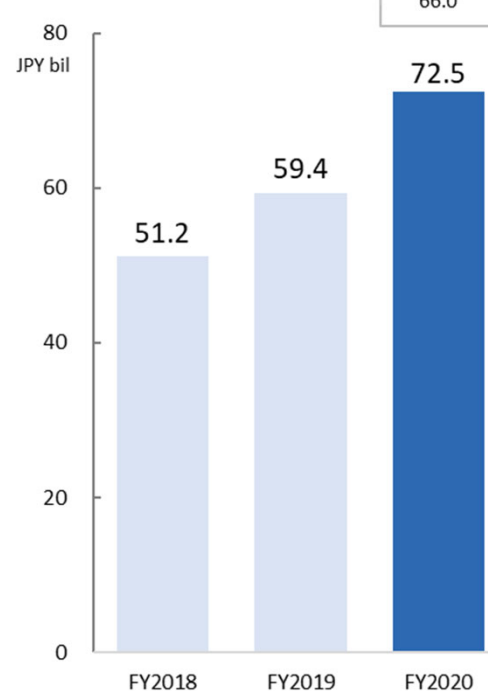
Gross Profit

➤ Increased due to successful disposition of large-scale properties

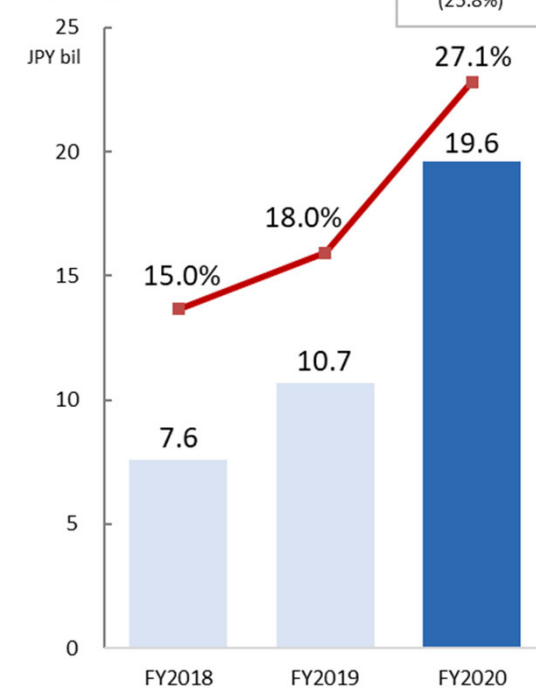
■ Contract Awards



■ Revenues



■ Gross Profit



3. Domestic Subsidiaries and Affiliates

Contracts

- Decreased in interior finish works and equipment works

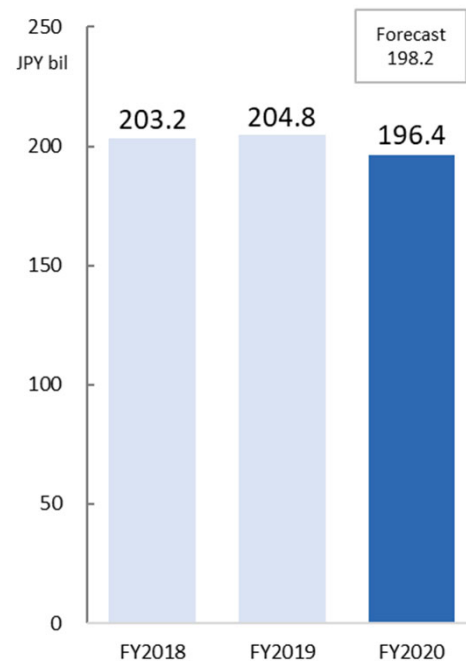
Revenues

- Decreased due to lower revenues in construction business

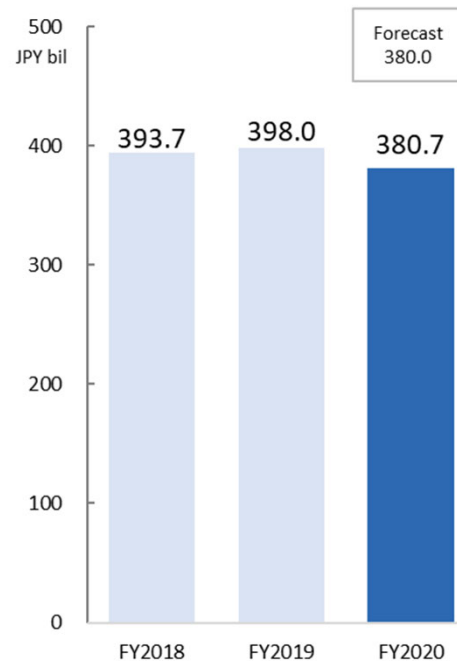
Net Income

- Operating income kept the same level as FY2019 by improving profitability of construction business
- ¥2.9 billion reversal provision for loss posted in FY2019 as extraordinary income

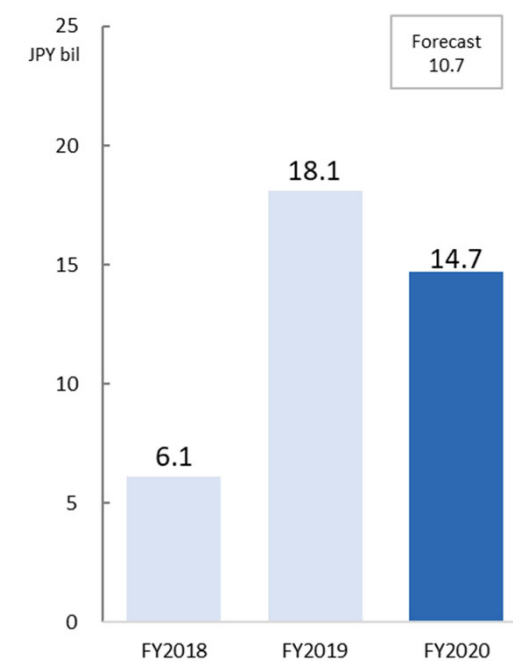
■ Construction Contract Awards



■ Revenues



■ Net Income



3. Overseas Subsidiaries and Affiliates

Contracts

➤ Decreased in the U.S. (KUSA) and Southeast Asia (KAP)

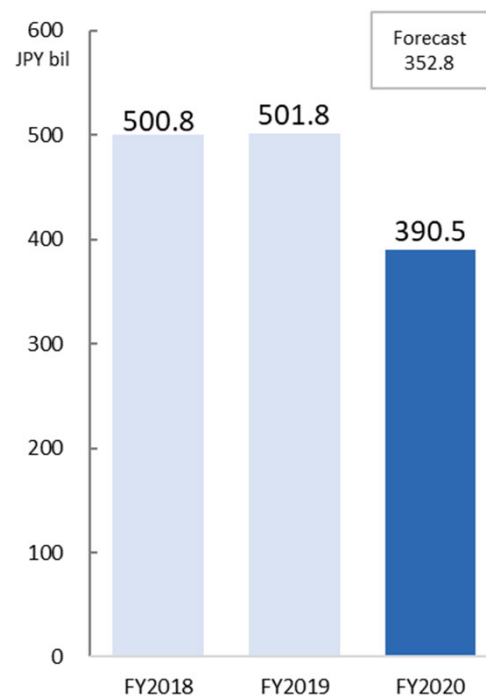
Revenues

➤ Increased mainly due to steady progress in the construction and real estate development businesses in the U.S. (KUSA), where the impact of COVID-19 was limited

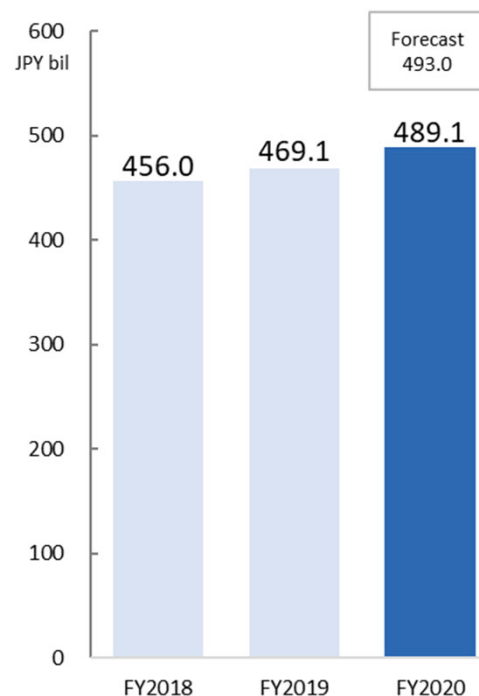
Net Income

➤ Decreased mainly due to lower occupancy rates of hotels and other operating facilities in Southeast Asia (KAP)

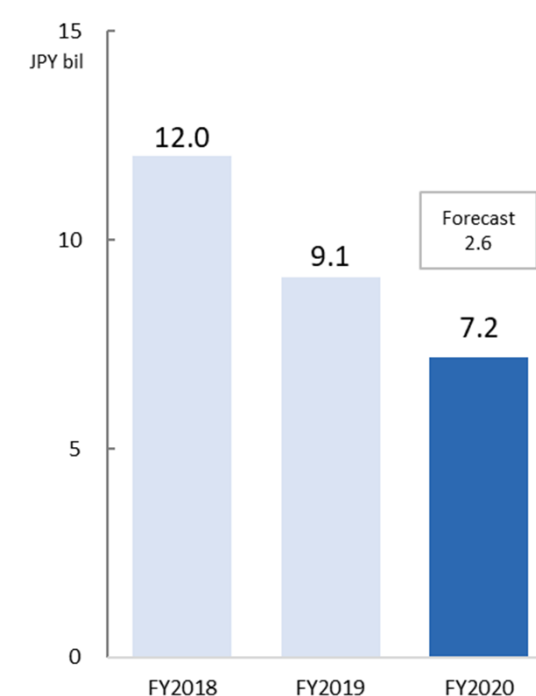
■ Construction Contract Awards



■ Revenues



■ Net Income



4. Financial Positions

Owners' Equity reached the ¥800 billion level, which was our target
ROE maintained above 10%

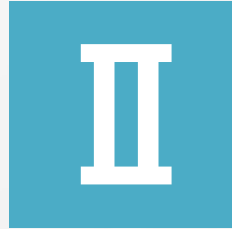
Billions of yen	FY2019 Result	FY2020 Result	YoY Change	FY2020 Forecast ^{*1}
Total Assets	2,172.1	2,164.8	(7.3)	—
Interest-bearing Debt	326.8	317.0	(9.8)	380.0
Owners' Equity	791.7	874.8	83.0	—
Owners' Equity Ratio	36.5%	40.4%	+3.9pt	—
ROE	13.4%	11.8%	(1.6pt)	—

*1 Announced on Nov 10, 2020

5. Investment Result

Achieved the investment plan set forth in the Medium-Term Business Plan
Steadily implemented investments that contribute to the accumulation of prime assets and sustainable growth

	FY2018-2020		Compared to the plan
	Plan	Result	
Real Estate Development	400	400	—
(Recoup of investment)	175	160	(15)
Domestic	160	200	+40
(Recoup of investment)	60	60	—
Overseas	240	200	(40)
(Recoup of investment)	115	100	(15)
R&D Investment	50	49	(1)
Strengthen competitiveness/ sustainable growth	50	69	+19
Total	500	518	+18
(Net Investment)	325	358	+33



FY2021 Forecast

(April 1, 2021 - March 31, 2022)

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

1. Business Environment Outlook

Domestic Market Trend

- Public investment is expected to remain firm, mainly due to demand related to national resilience, such as infrastructure upgrades
- Private capital investment will recover along with economic recovery, but it will take time until the impact of COVID-19 is completely eliminated, so conditions remain highly uncertain

Over the medium to long term, we expect growing demand for construction related to carbon decarbonization and digitization

- We will closely monitor the impact on materials and labor, as construction will gradually begin in earnest, mainly in large-scale redevelopment projects

Overseas Market Trend

- We expect strong construction demand for manufacturing and logistics facilities in North America and Europe, and for housing in Oceania
- Market in Southeast Asia is expected to recover gradually as COVID-19 is contained, but it will take some time to return to the level before the spread of the infection

2. Financial Highlights

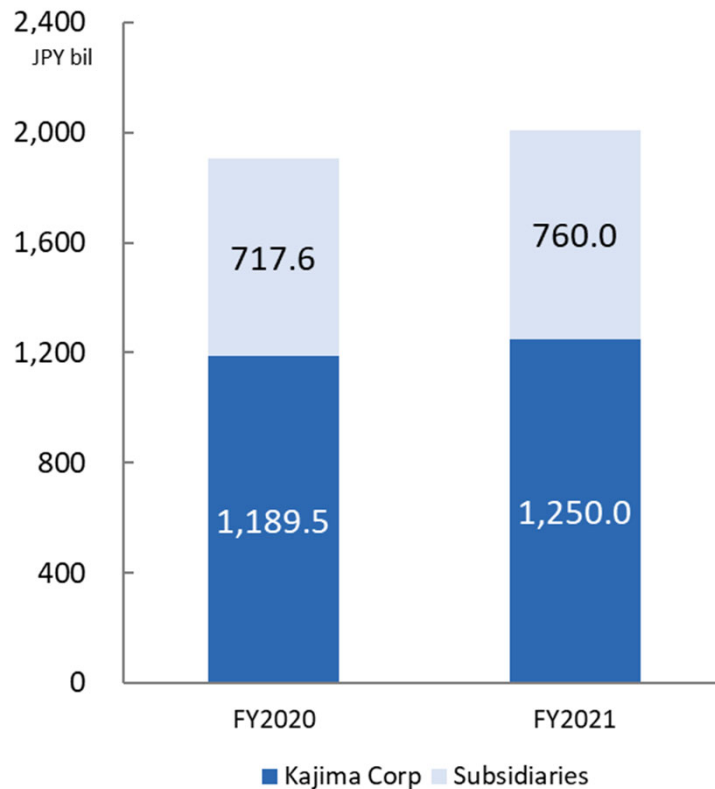
Forecast is based on the fiercely competitive environment in Japan and current conditions in Southeast Asia

Billions of yen	FY2020 Result	FY2021 Forecast	YoY Change
Revenues	1,907.1	2,010.0	102.8
Operating Income	127.2	104.0	(23.2)
Ordinary Income	139.7	114.0	(25.7)
Net Income ^{*1}	98.5	80.0	(18.5)
Construction Contract Awards	1,720.1	1,780.0	59.8
Interest-bearing Debt	317.0	430.0	112.9

*1 Net Income Attributable to Owners of the Parent

2. Revenues

Billions of yen	FY2020 Result	FY2021 Forecast	YoY Change
Revenues	1,907.1	2,010.0	102.8

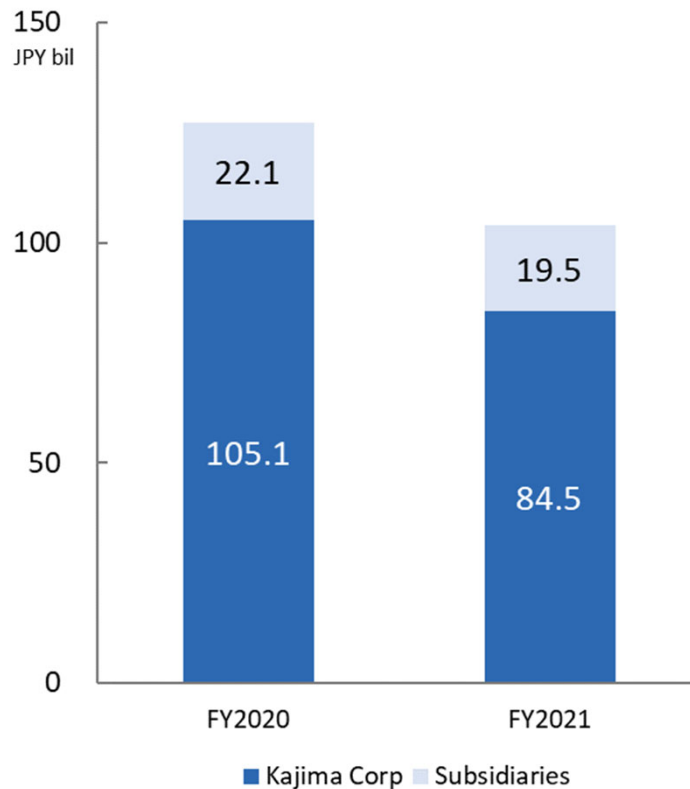


YoY Change Factors

- Building Construction (Kajima Corp) +137.7
- Overseas Subsidiaries and Affiliates +48.6
- Civil Engineering (Kajima Corp) (49.7)
- Domestic Subsidiaries and Affiliates (39.9)

2. Operating Income

Billions of yen	FY2020 Result	FY2021 Forecast	YoY Change
Operating Income	127.2	104.0	(23.2)

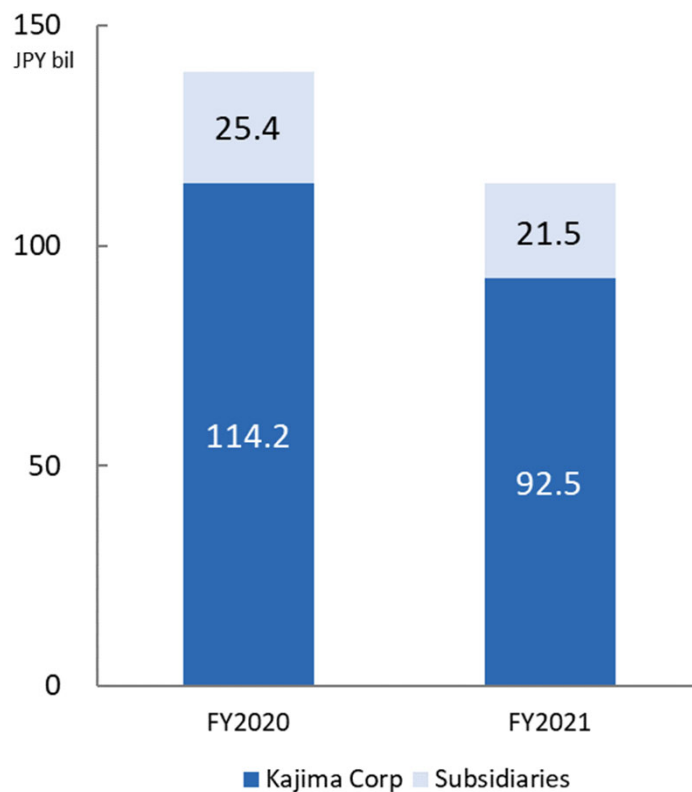


YoY Change Factors

- Gross Profit (Construction Business) (14.0)
- Gross Profit (Real Estate and Other) (3.4)
- Increase in SG&A (5.8)

2. Ordinary Income

Billions of yen	FY2020 Result	FY2021 Forecast	YoY Change
Ordinary Income	139.7	114.0	(25.7)

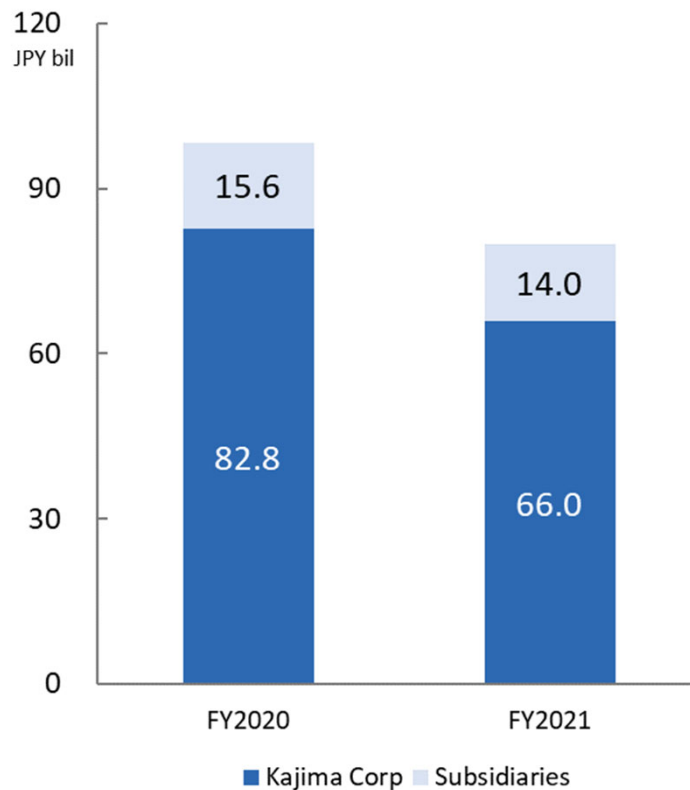


YoY Change Factors

➤ Operating Income	(23.2)
➤ Non-operating Income - net	(2.4)
[Financing	(2.1)]

2. Net Income Attributable to Owners of the Parent

Billions of yen	FY2020 Result	FY2021 Forecast	YoY Change
Net Income	98.5	80.0	(18.5)



YoY Change Factors

➤ Ordinary Income	(25.7)
➤ Extraordinary Income - net	(4.0)
➤ Decrease in Income Taxes	+10.9
➤ Decrease in Noncontrolling Interests	+0.2

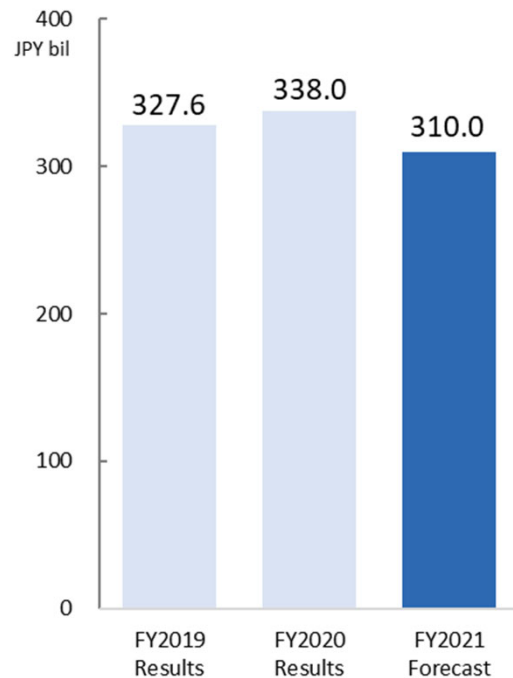
3. Civil Engineering (Kajima Corp)

Contracts ➤ Expect to maintain over ¥300 billion level

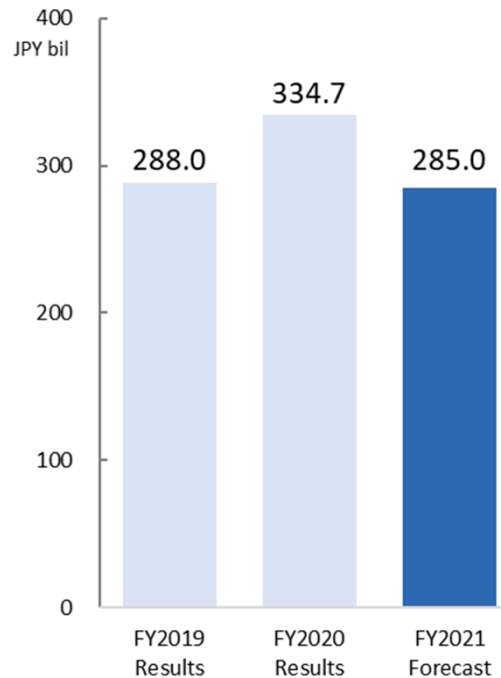
Revenues ➤ Expect to decrease due to the situation of backlog projects, such as the small number of projects in progress at the end of the construction period

Gross Profit ➤ Expect to decrease mainly due to lower revenues

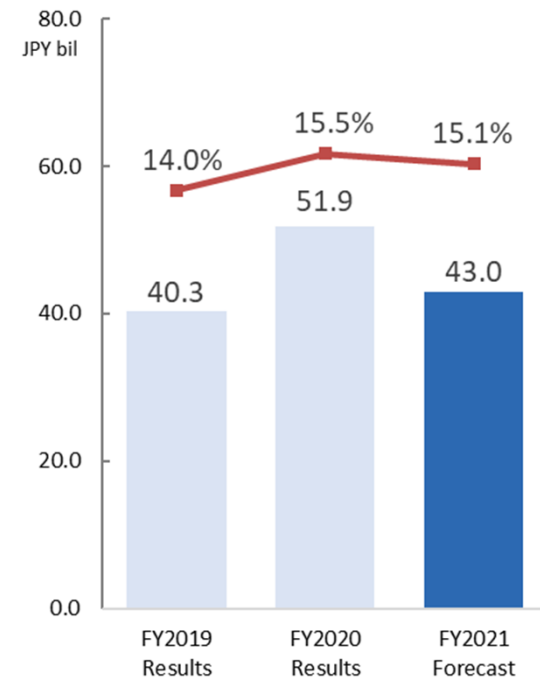
■ Contract Awards



■ Revenues



■ Gross Profit



3. Building Construction (Kajima Corp)

Contracts

➤ Expect to increase due to secured projects and highly probable projects

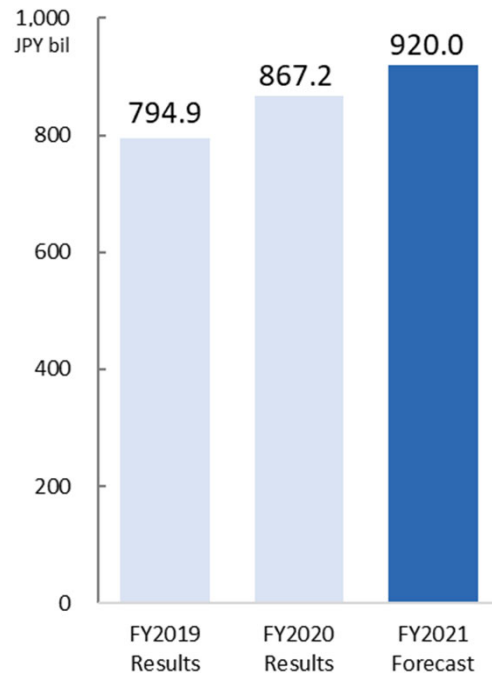
Revenues

➤ Expect to increase due to full-scale construction of large-scale projects

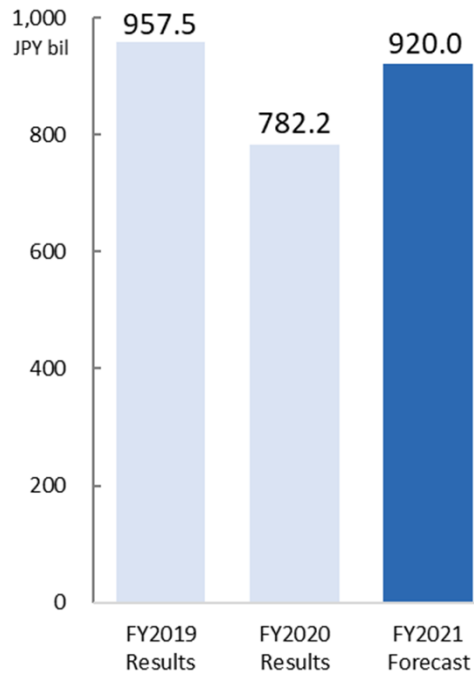
Gross Profit

➤ Expect to decrease due to fewer projects to be completed and the possibility that the competitive environment will remain severe

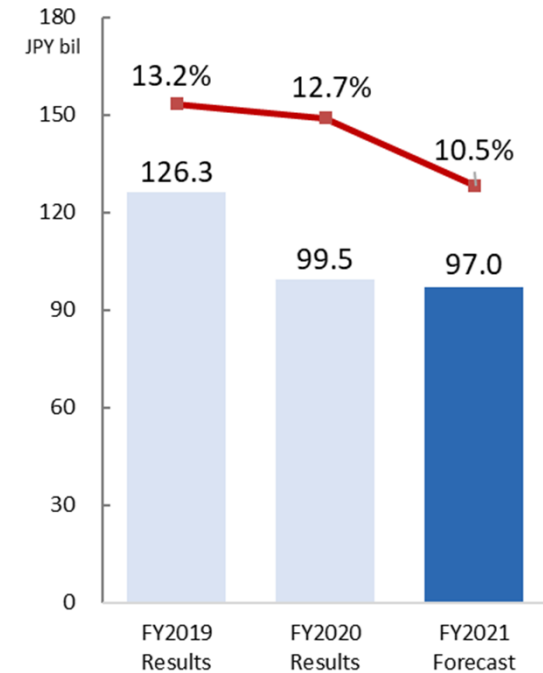
■ Contract Awards



■ Revenues



■ Gross Profit



3. Real Estate and Other (Kajima Corp)

Contracts

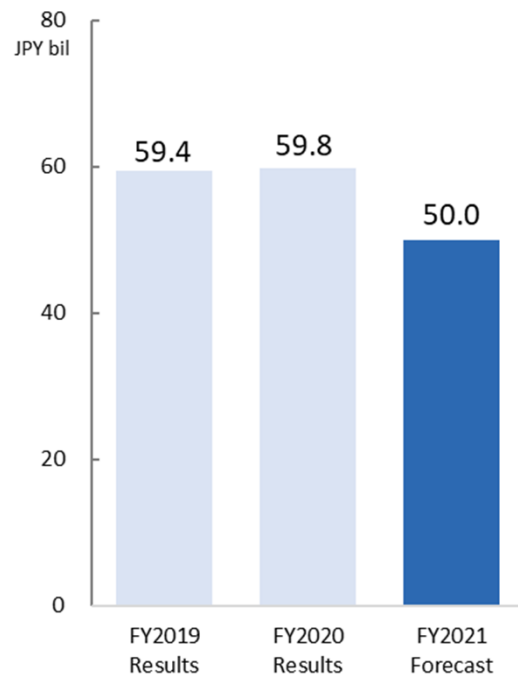
➤ Expect to decrease from the high level of FY2020

Revenues

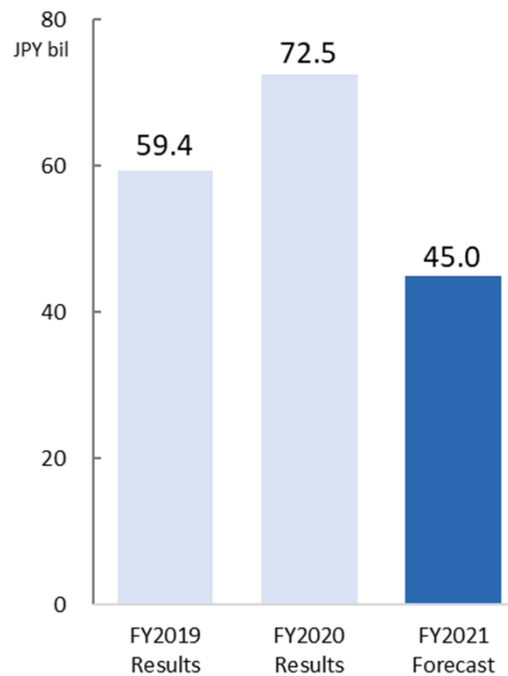
Gross Profit

➤ Expect to decline due to a decrease in the number of projects to be sold

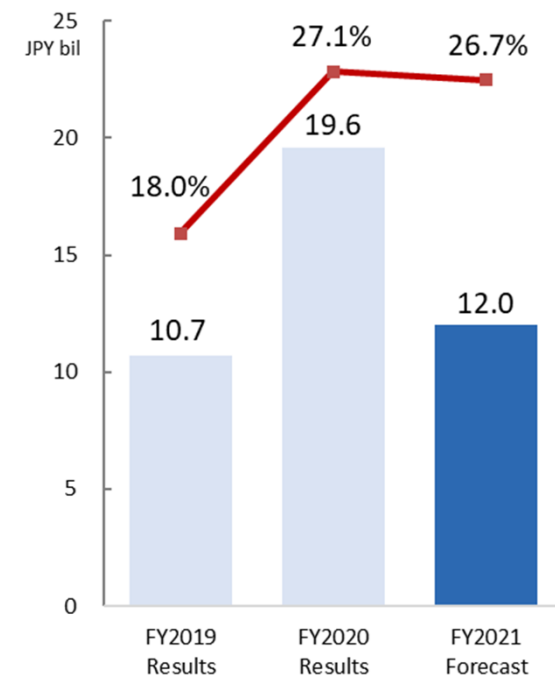
■ Contract Awards



■ Revenues



■ Gross Profit



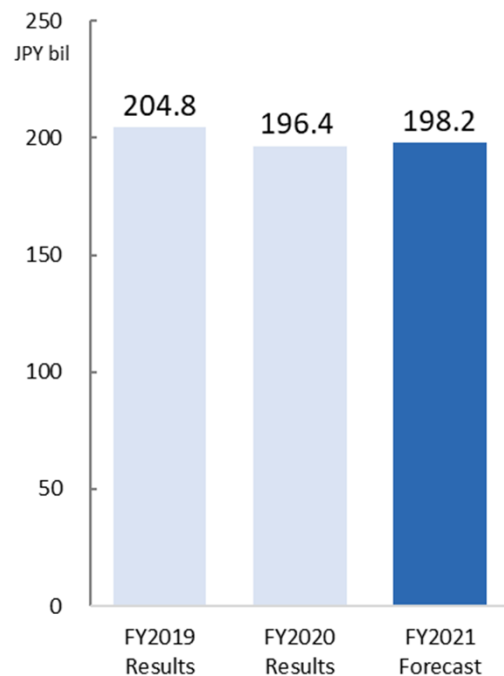
3. Domestic Subsidiaries and Affiliates

Contracts ➤ Equivalent level to FY2020

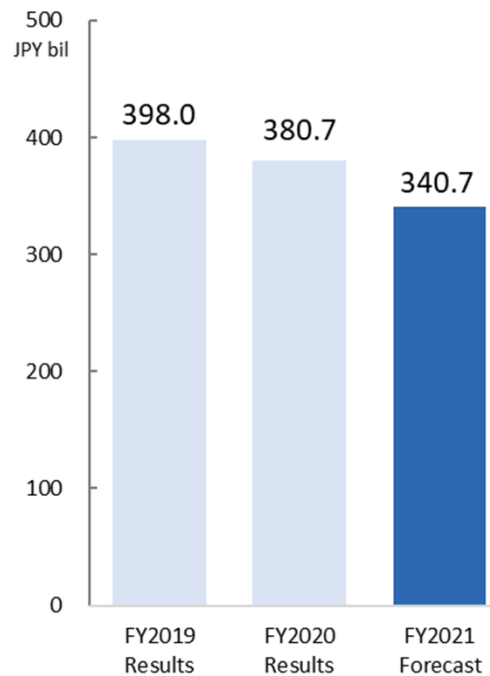
Revenues ➤ Expect to decrease due to the impact of the adoption of the "Accounting Standard for Revenue Recognition"

Net Income ➤ Expect lower profit margin in construction business

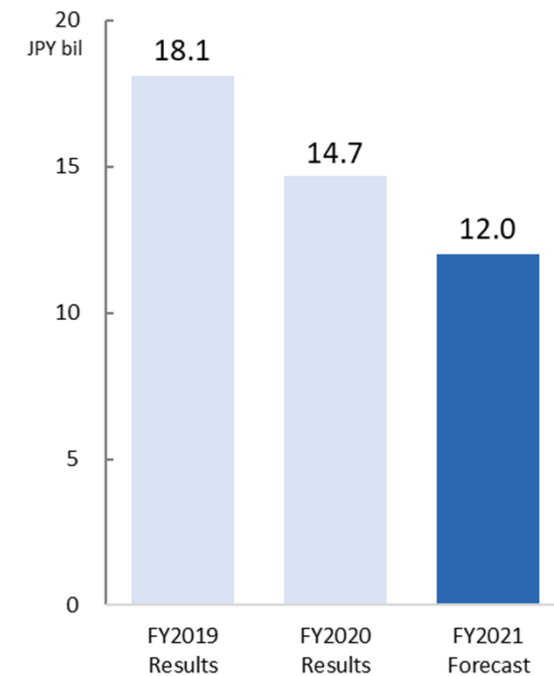
■ Construction Contract Awards



■ Revenues



■ Net Income



3. Overseas Subsidiaries and Affiliates

Contracts

➤ Expect improvement in the order environment in Southeast Asia (KAP)

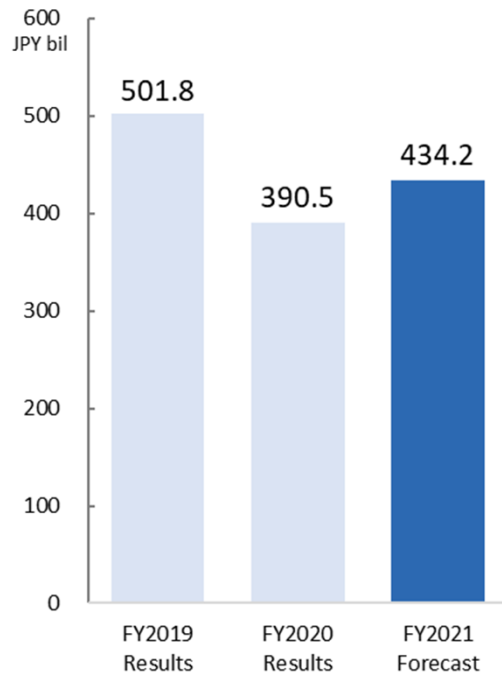
Revenues

➤ Steady progress in backlog construction projects and sales in the industrial warehouse development business in Europe and the United States

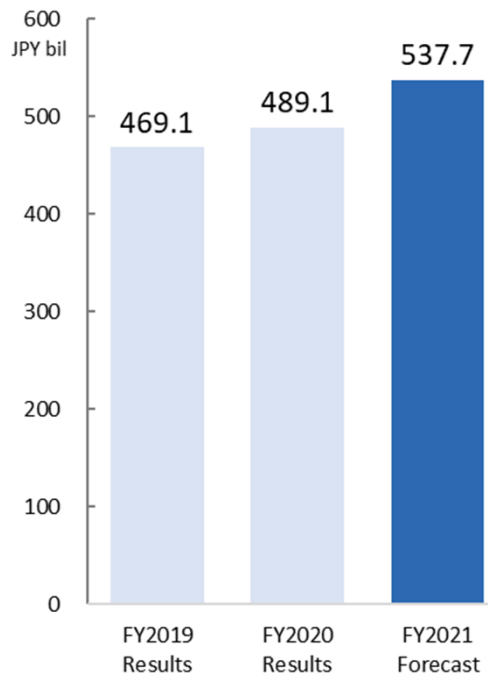
Net Income

➤ Gradual turnaround in Southeast Asia (KAP), which has been heavily impacted by COVID-19

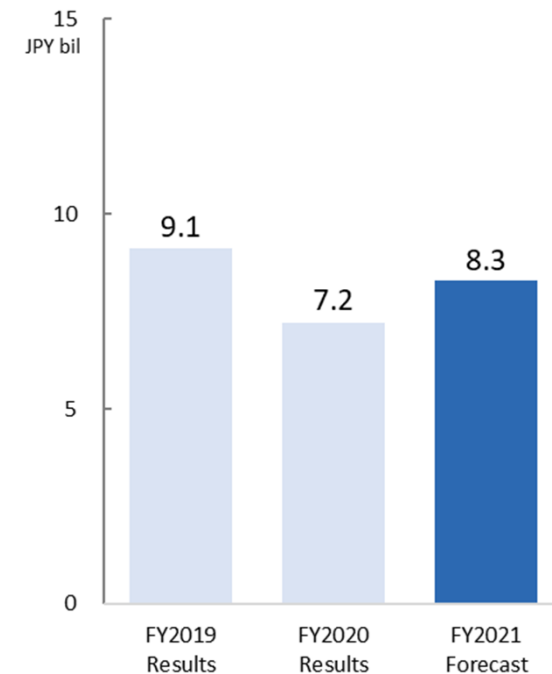
■ Construction Contract Awards



■ Revenues



■ Net Income



4. Stockholder Returns

Year-end dividend increased by ¥4, the same level in FY2021

Plan to repurchase up to ¥10 billion its shares for the third consecutive year

Yen	FY2019 Result	FY2020 Result	FY2020 Forecast *1	FY2021 Forecast
Dividend per Share	50.00	54.00	50.00	54.00
Basic Net Income per Share	200.99	193.13	156.03	158.31
Payout Ratio	24.9%	28.0%	32.0%	34.1%

*1 Announced on Nov 10, 2020

<Basic Profit Allocation Policy and Payment of Dividends>

The Company's basic policy is to strive for a dividend payout ratio of 30%, as well as to flexibly contribute to stockholder returns by acquiring own shares and other means with consideration of business performance, financial condition and business environment. The Company will utilize internal reserves for investments that achieve sustainable growth and increase corporate value while maintaining financial soundness.



Inquiries: Corporate Communication Group, Corporate Planning Department

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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, 2021, and are subject to risks and uncertainties that may cause the actual results to vary.