

# FY2020 First Half Financial Results

November 10, 2020



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# FY2020 First Half Results

(April 1 - September 30, 2020)

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

# 1. Business Environment Review

## Domestic construction market trends

- Steady demand in public sector in tandem with gradual downward trend in private capital expenditure due to careful investing
- Generally stable balance of supply and demand for labor as well as materials

## COVID-19 Associated Impacts

- No substantial impact on both construction and real estate businesses run by Kajima Corp.
- Healthy performance in 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 while prolonged adverse affect on both construction and real estate facility businesses in Southeast Asia

## 2. Financial Highlights

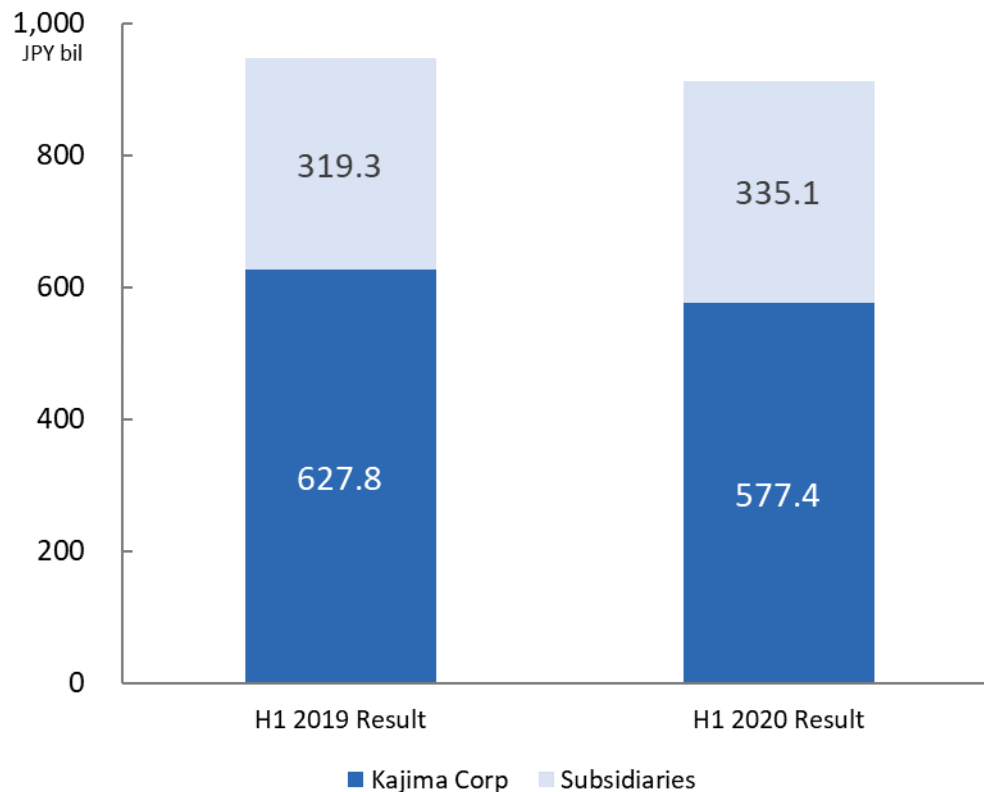
- Higher profit in the face of lower revenues than H1 2019
- Good progress toward the initial full-year forecast

Billions of yen	H1 2019 Result	H1 2020 Result	YoY Change	YTD % Progress	FY20 Initial Forecast
Revenues	947.1	912.6	(34.5)	48.8%	1,870.0
Operating Income	59.7	72.0	12.2	64.9%	111.0
Ordinary Income	65.0	79.3	14.2	67.3%	118.0
* <sub>1</sub> Net Income	49.8	51.8	2.0	64.8%	80.0
Construction Contract Awards	801.3	703.4	(97.8)	38.4%	1,830.0
Interest-bearing Debt	* <sub>2</sub> 326.8	307.6	* <sub>3</sub> (19.1)	—	380.0

\*<sub>1</sub> Net Income Attributable to Owners of the Parent\*<sub>2</sub> As of Mar 31, 2020\*<sub>3</sub> Change from Mar 31, 2020

## 2. Revenues

Billions of yen	H1 2019 Result	H1 2020 Result	YoY Change
Revenues	947.1	912.6	(34.5)

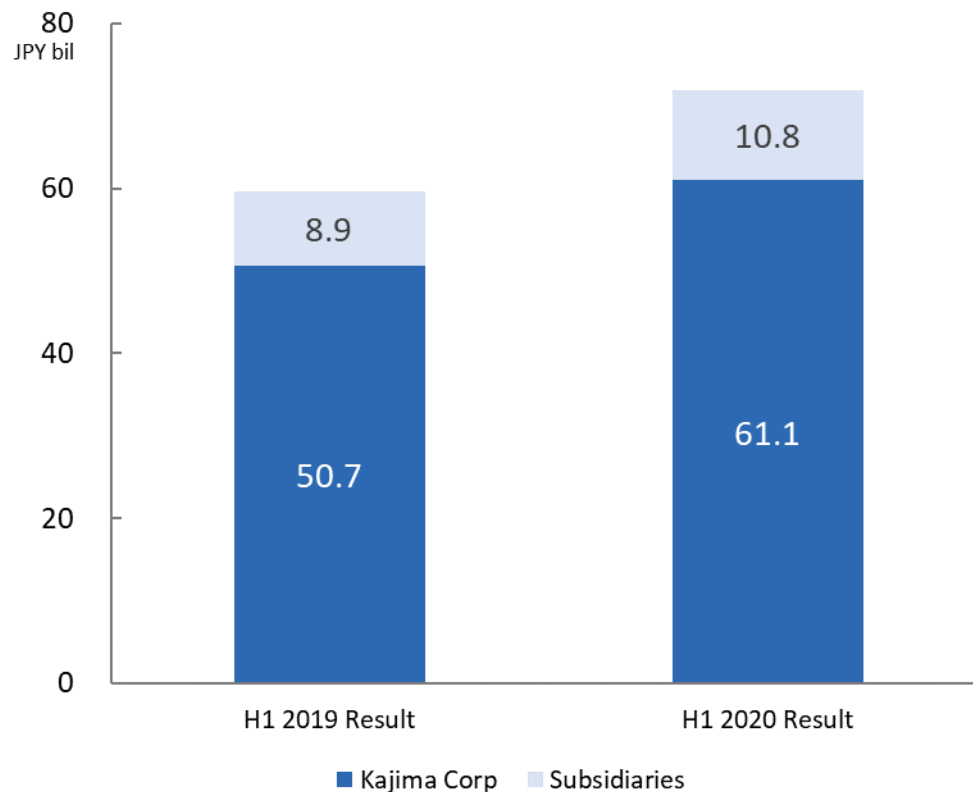


### YoY Change Factors

- Civil Engineering (Kajima Corp) +23.4
- Building Construction (Kajima Corp) (85.5)
- Overseas Subsidiaries and Affiliates +19.0

## 2. Operating Income

Billions of yen	H1 2019 Result	H1 2020 Result	YoY Change
Operating Income	59.7	72.0	12.2

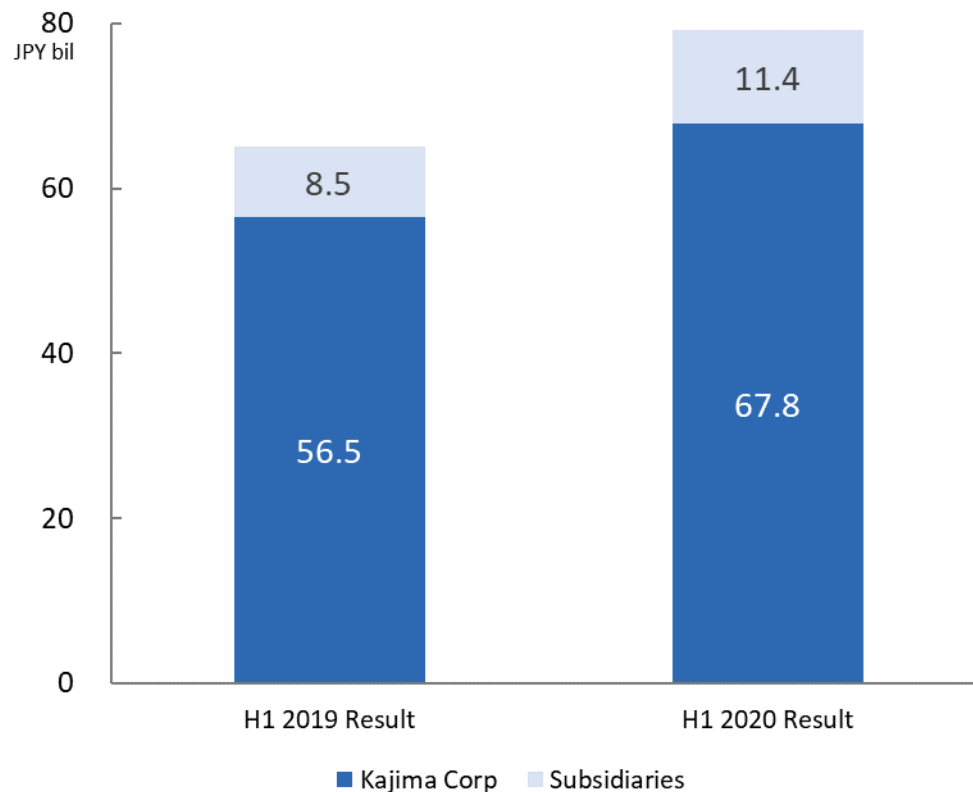


### YoY Change Factors

- Gross Profit (Civil Engineering, Kajima Corp) **+10.8**
- Gross Profit (Building Construction, Kajima Corp) **(5.0)**
- Gross Profit (Real Estate and Other, Kajima Corp) **+4.7**

## 2. Ordinary Income

Billions of yen	H1 2019 Result	H1 2020 Result	YoY Change
Ordinary Income	65.0	79.3	14.2



### YoY Change Factors

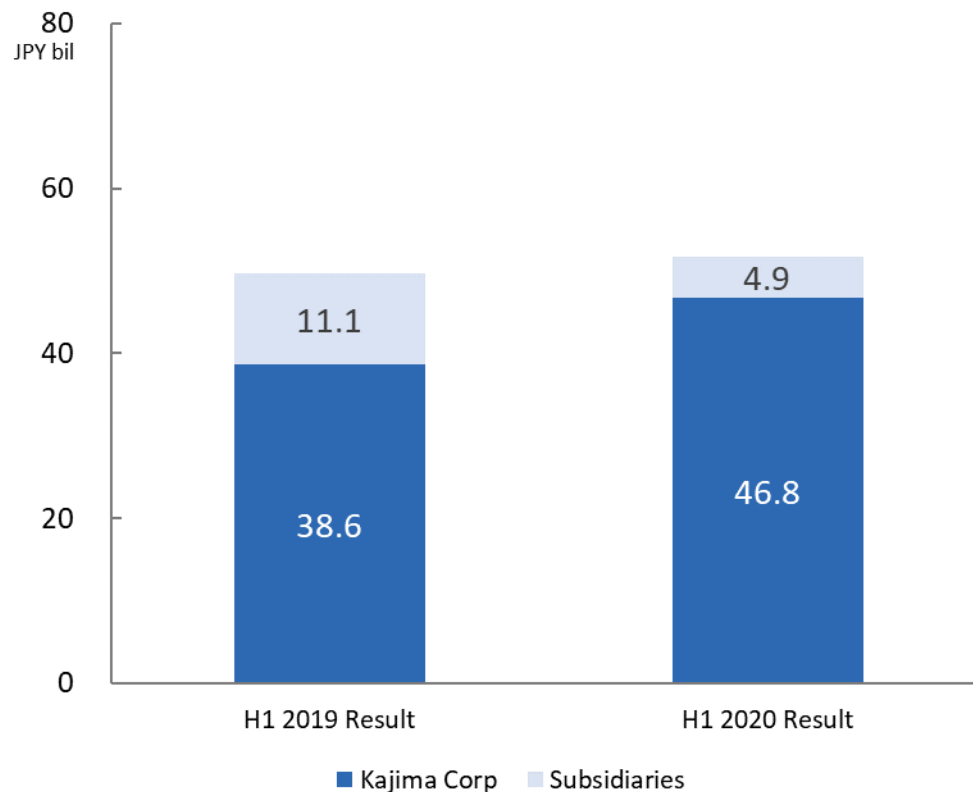
- Operating Income +12.2
- Non-operating Income – net +2.0
  - [ Equity in earnings of unconsolidated subsidiaries and affiliates +1.3 ]



## 2. Net Income Attributable to Owners of the Parent

Billions of yen	H1 2019 Result	H1 2020 Result	YoY Change
Net Income	49.8	51.8	2.0

\* Net Income Attributable to Owners of the Parent



### YoY Change Factors

- Ordinary Income +14.2
- Extraordinary Income - net (8.2)
- Increase in Income Taxes (3.4)
- Noncontrolling Interests (0.5)

### 3. Civil Engineering (Kajima Corp)

#### Contracts

- Decreased due to fewer target projects to win in the first half

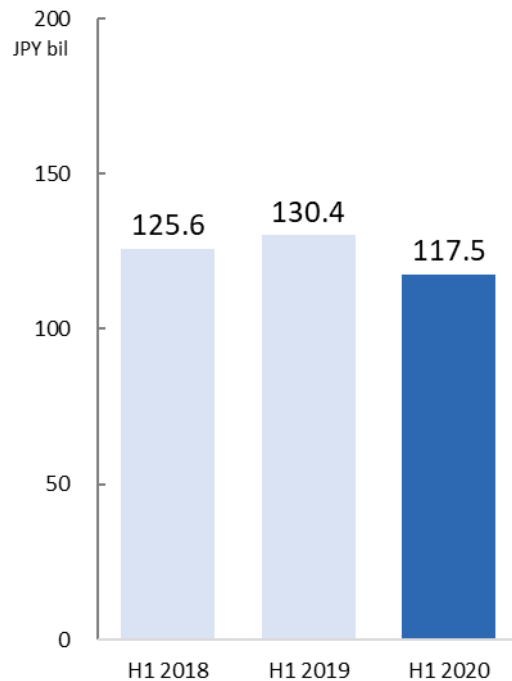
#### Revenues

- Increased owing to steady progress on backlog projects

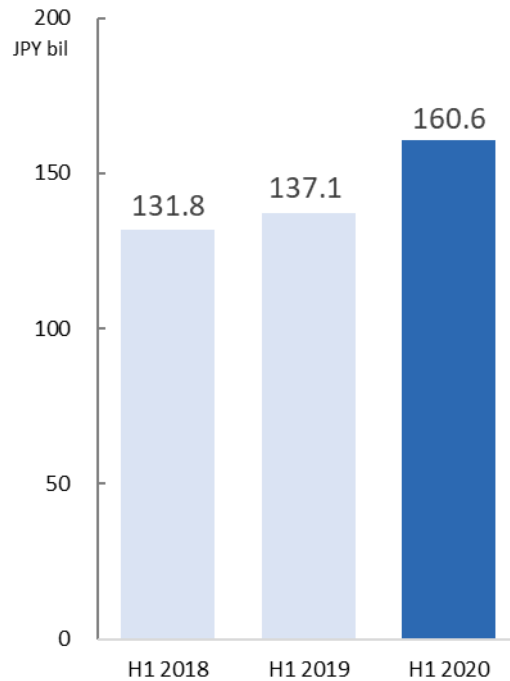
#### Gross Profit

- Improved in profitability of some projects to be completed in the current fiscal year

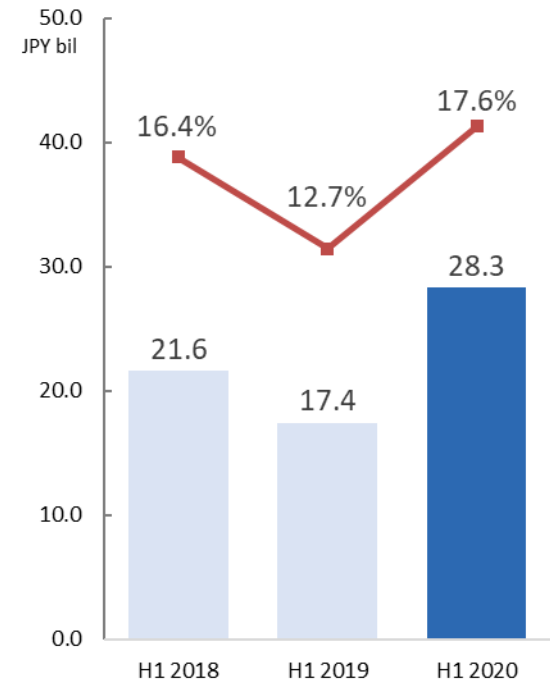
■ Contract Awards



■ Revenues



■ Gross Profit



### 3. Building Construction (Kajima Corp)

#### Contracts

- Decreased due to delays in contract negotiations caused by the state of emergency

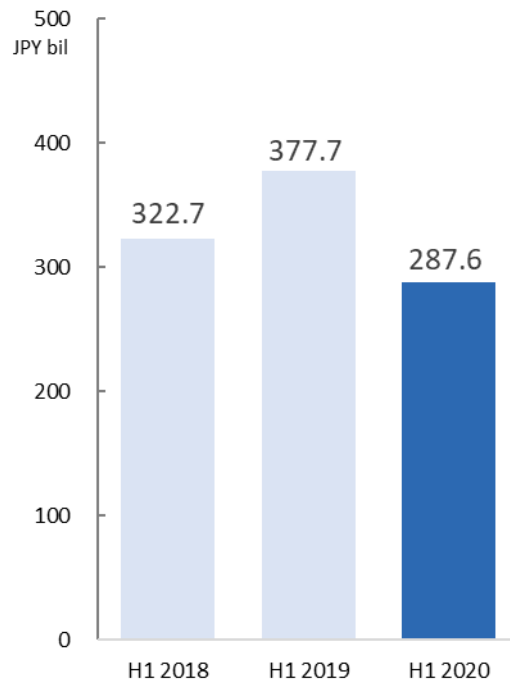
#### Revenues

- Dropped by fewer backlog balance at the beginning of the period

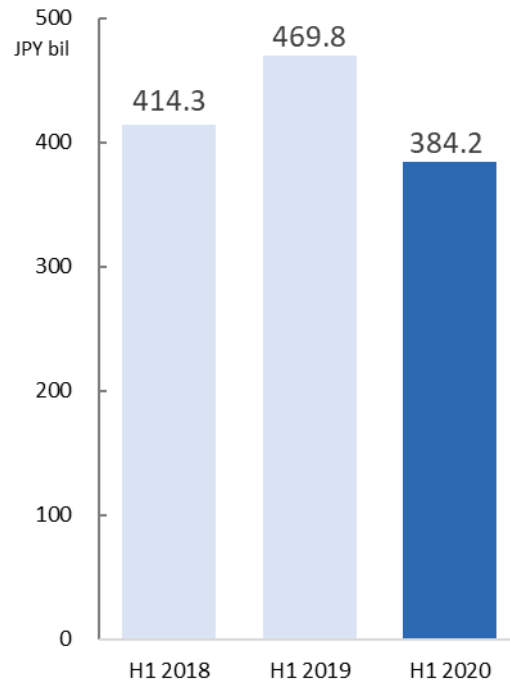
#### Gross Profit

- Declined in response to a decrease in revenues

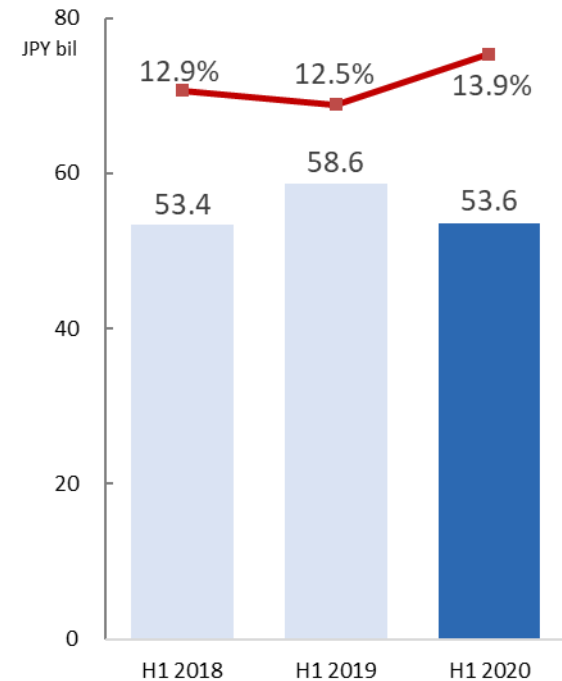
#### ■ Contract Awards



#### ■ Revenues



#### ■ Gross Profit



### 3. Real Estate and Other (Kajima Corp)

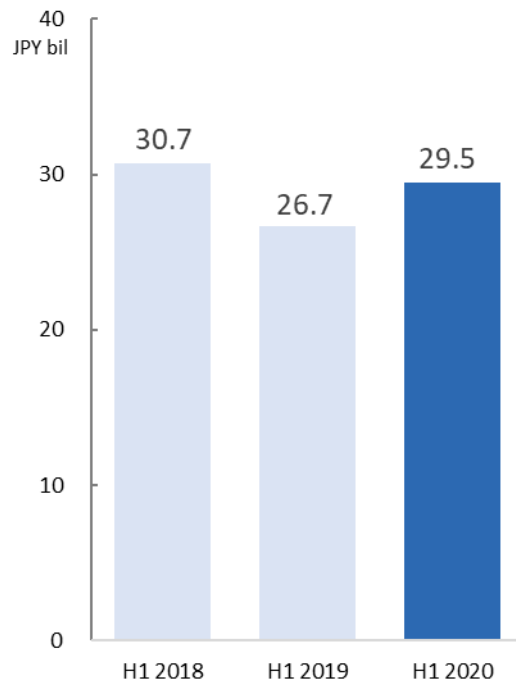
**Contracts** ➤ Achieved higher level than 1H 2019

**Revenues**

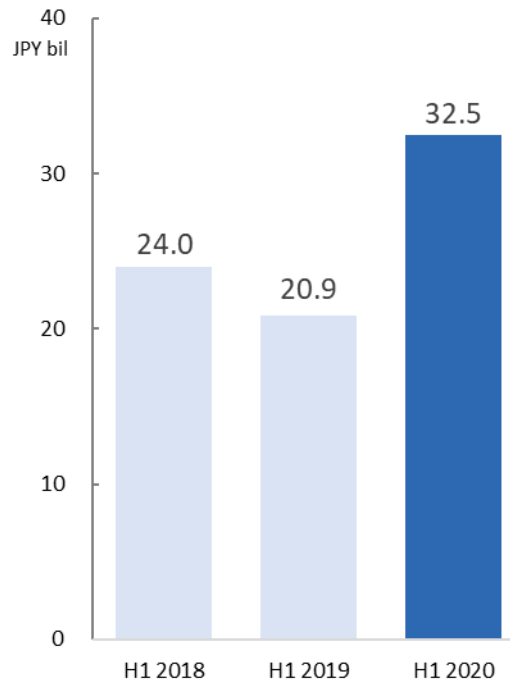
**Gross Profit**

➤ Increased due to successful disposition of a specific large-scale property

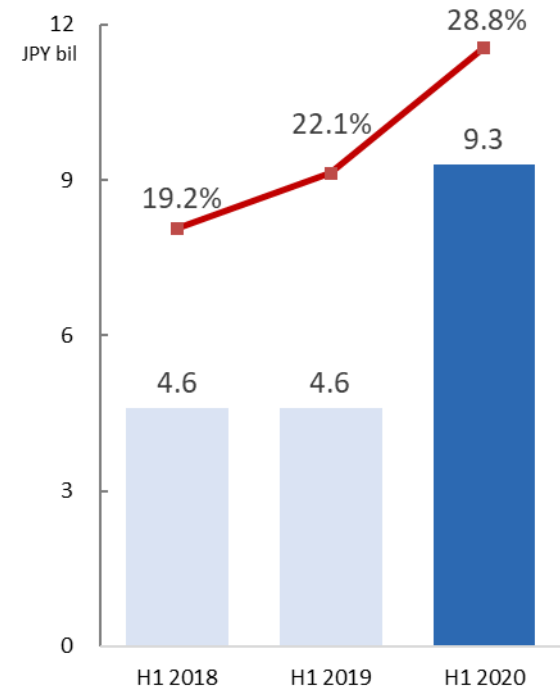
■ Contract Awards



■ Revenues



■ Gross Profit



### 3. Domestic Subsidiaries and Affiliates

#### Contracts

- Decreased in the area of interior finish works

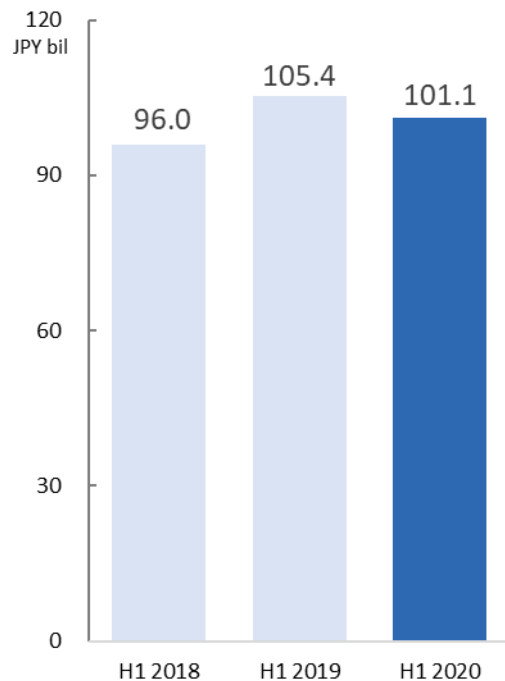
#### Revenues

- Lower than H1 2019 with high-level revenues
- Operating income kept the same level of H1 2019 by improving profitability of construction business

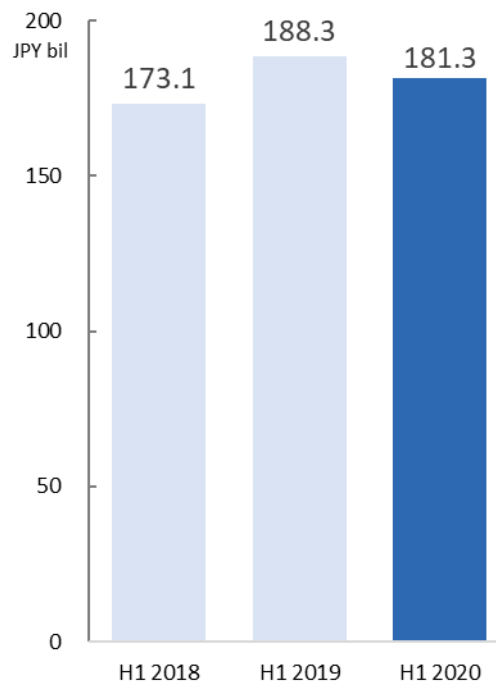
#### Net Income

- ¥2.9 billion reversal of provision for loss posted in H1 2019 as extraordinary income

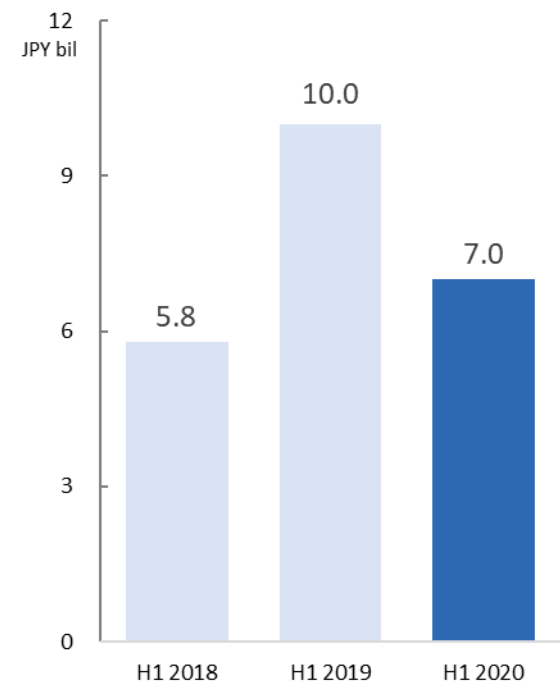
■ Construction Contract Awards



■ Revenues



■ Net Income



### 3. Overseas Subsidiaries and Affiliates

#### Contracts

- Equivalent level to H1 2019

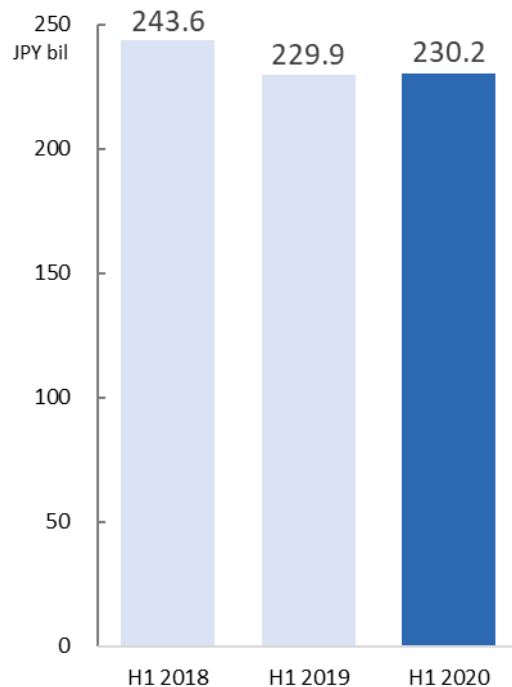
#### Revenues

- Increased mainly because of uptick in the U.S. (KUSA)

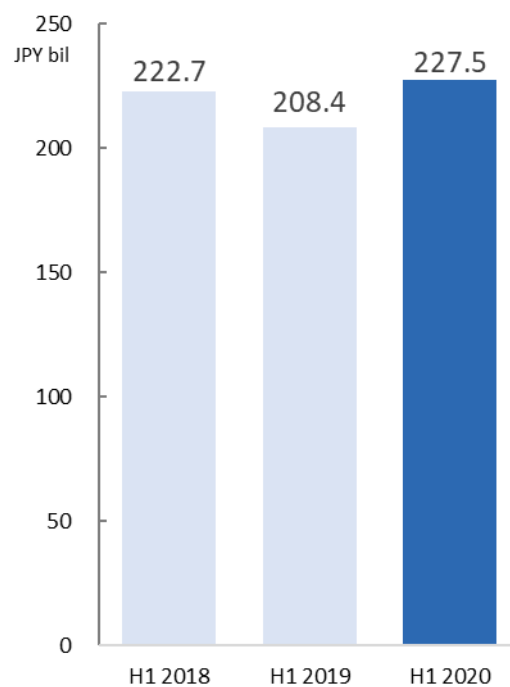
#### Net Income

- Contribution from warehouse property business in the U.S. along with revenue growth

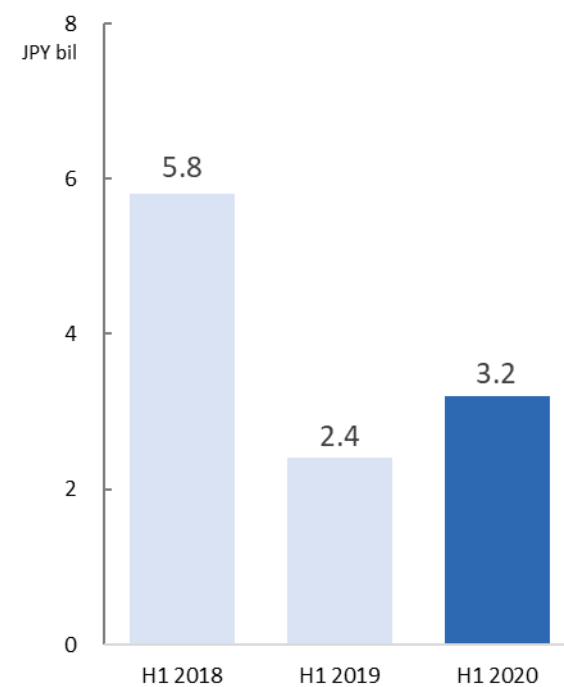
■ Construction Contract Awards

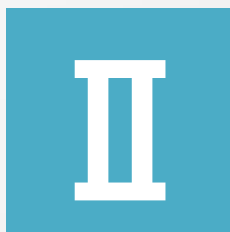


■ Revenues



■ Net Income





# FY2020 Forecast

(April 1, 2020 - March 31, 2021)

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

# 1. Business Environment Outlook

## COVID-19 Associated Impacts and Market Outlook

- Persisting uncertainties on construction demand both in Japan and overseas to observe closely
- Limited impact on progress of domestic construction works performed by Kajima Corp.
- Minimal impact on domestic real estate leasing and sales businesses operated by Kajima Corp.
- No significant impact on performance in Domestic Subsidiaries and Affiliates segment supported by solid progress in construction business although continued decline in occupancy rate at some facilities under operation
- Need a certain amount of time to resume full-fledged operations at construction sites as well as recover occupancy rate at some facilities under operation in Overseas Subsidiaries and Affiliates segment, especially in Southeast Asia



## 2. Financial Highlights

■ Updated in light of H1 result and foreseeable business environment

Billions of yen	FY19 Result	FY20 Initial Forecast	FY20 Updated Forecast	YoY Change	Change from Initial Forecast
Revenues	2,010.7	1,870.0	1,910.0	(100.7)	40.0
Operating Income	131.9	111.0	115.0	(16.9)	4.0
Ordinary Income	146.6	118.0	123.0	(23.6)	5.0
Net Income <sup>*1</sup>	103.2	80.0	80.0	(23.2)	0.0
Construction Contract Awards	1,752.8	1,830.0	1,790.0	37.1	(40.0)
Interest-bearing Debt	326.8	380.0	380.0	53.1	0.0

\*1 Net Income Attributable to Owners of the Parent

# 3. Civil Engineering (Kajima Corp)

## Contracts

➤ Same as initial forecast

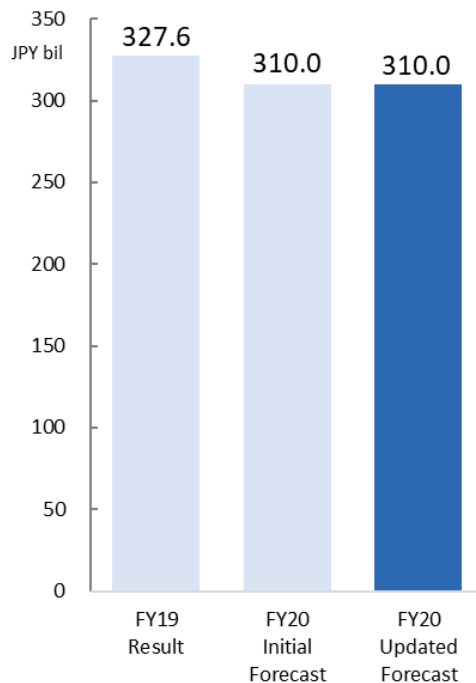
## Revenues

➤ Upward thanks to steady progress of backlog projects

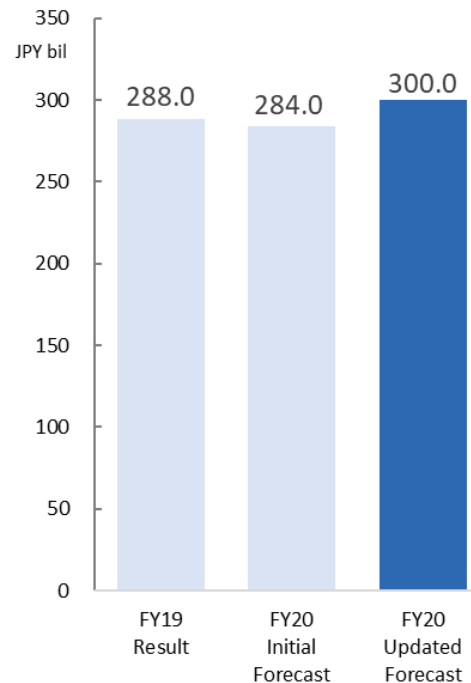
## Gross Profit

➤ Expect earnings growth in accordance with increased revenues

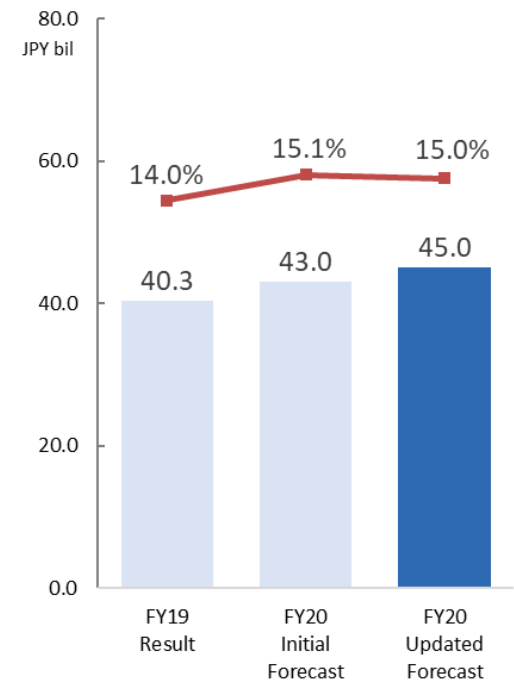
### ■ Contract Awards



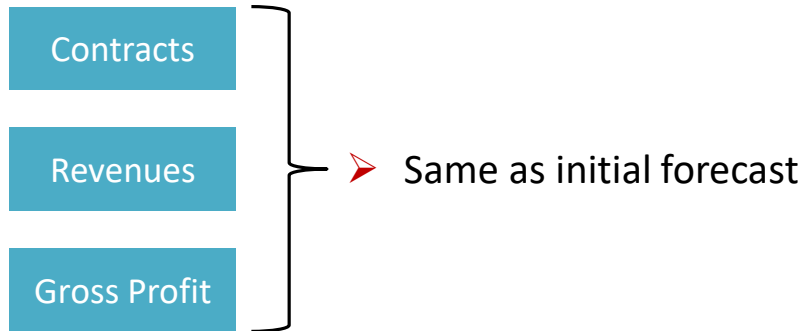
### ■ Revenues



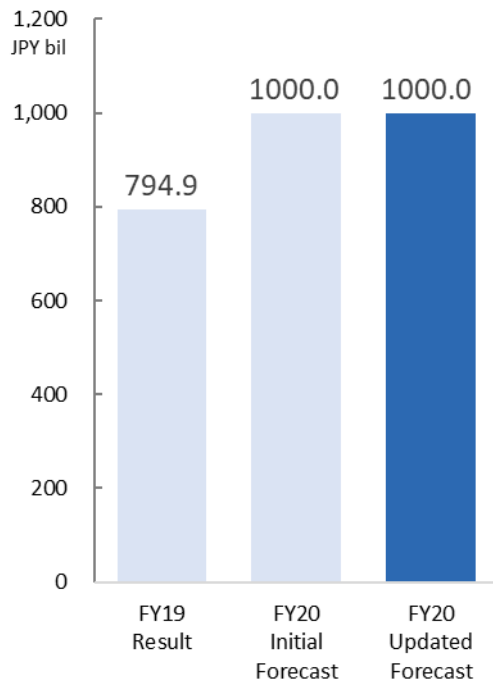
### ■ Gross Profit



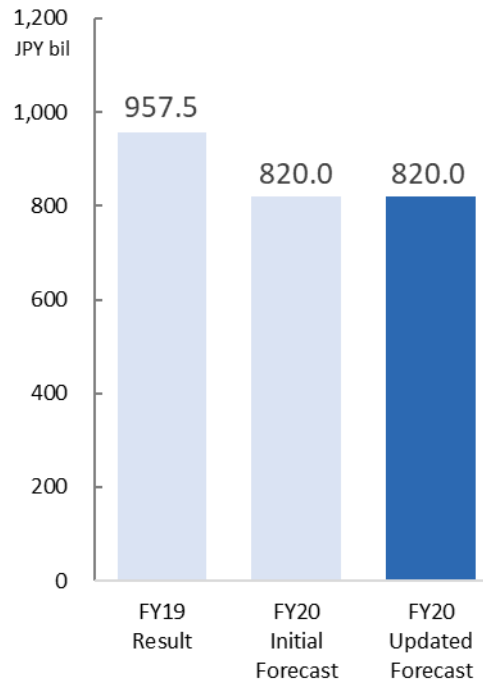
# 3. Building Construction (Kajima Corp)



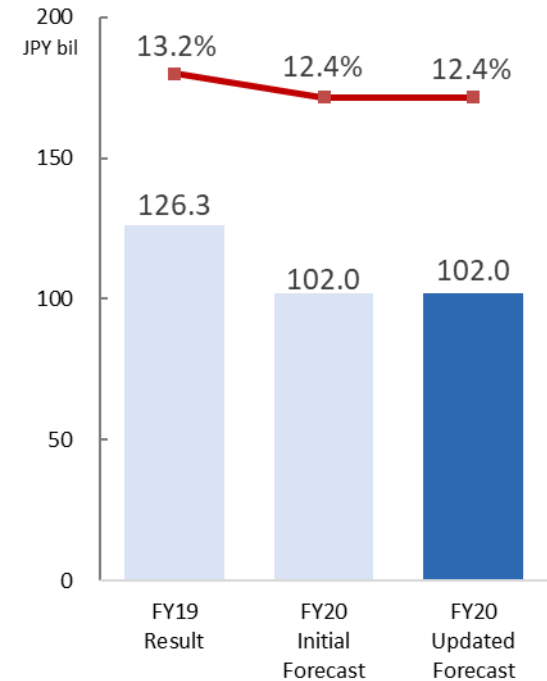
■ Contract Awards



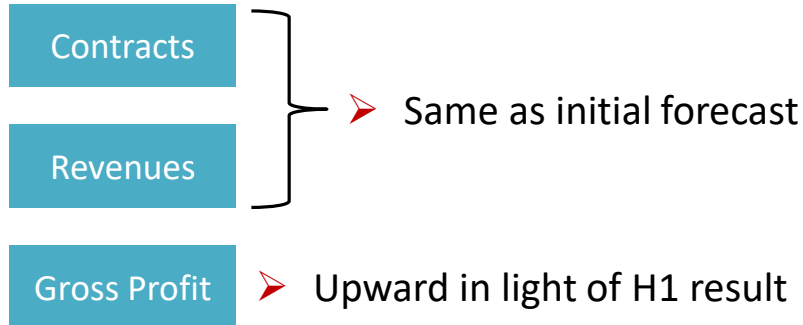
■ Revenues



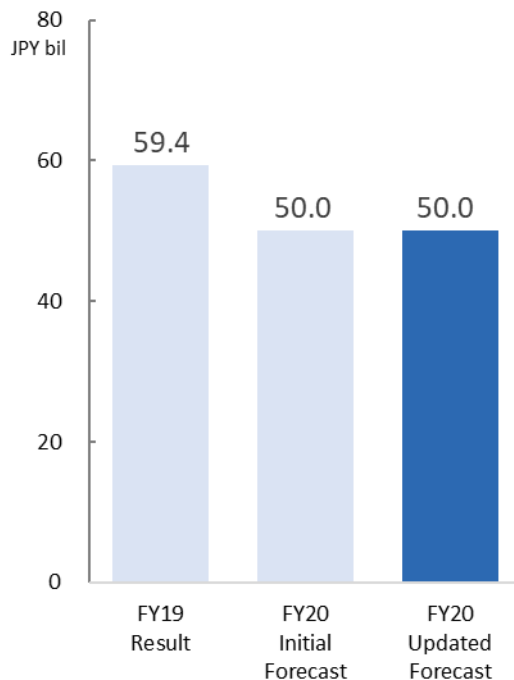
■ Gross Profit



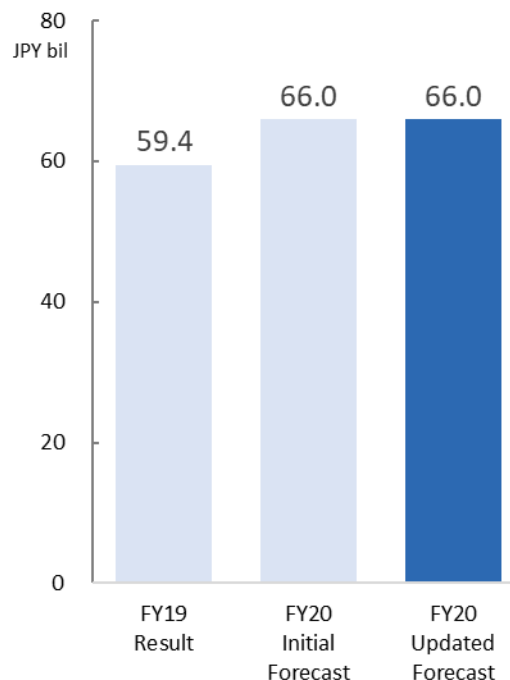
# 3. Real Estate and Other (Kajima Corp)



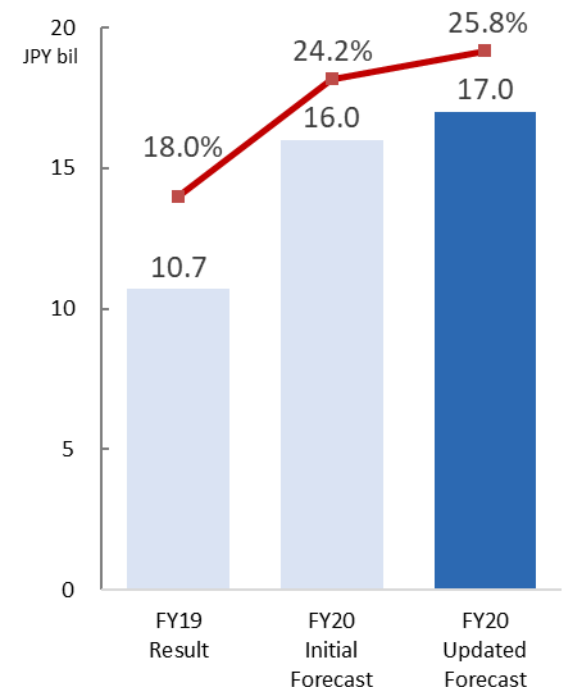
■ Contract Awards



■ Revenues



■ Gross Profit



# 3. Domestic Subsidiaries and Affiliates

## Contracts

- Expect to increase mainly in road paving works

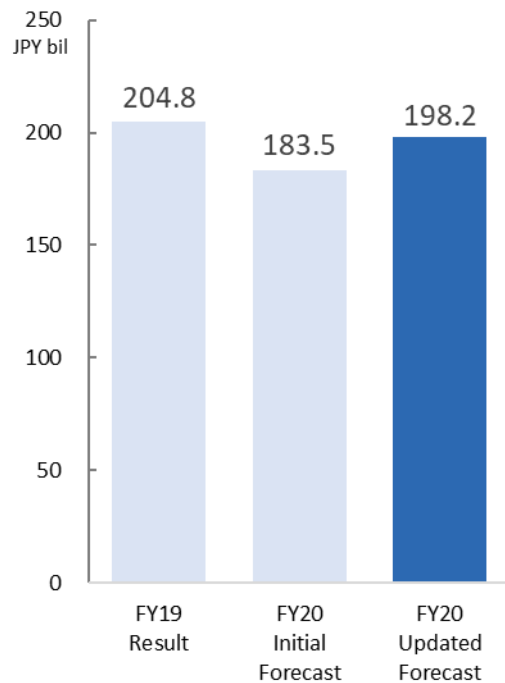
## Revenues

- Expect to increase in construction business and sales of materials

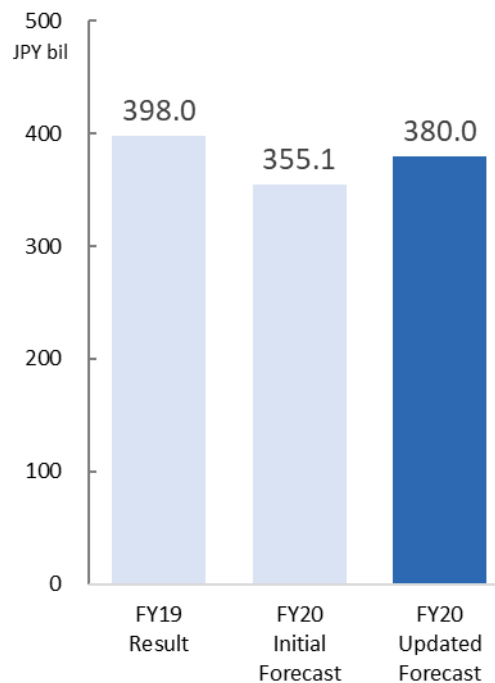
## Net Income

- Upward associated with increased revenues

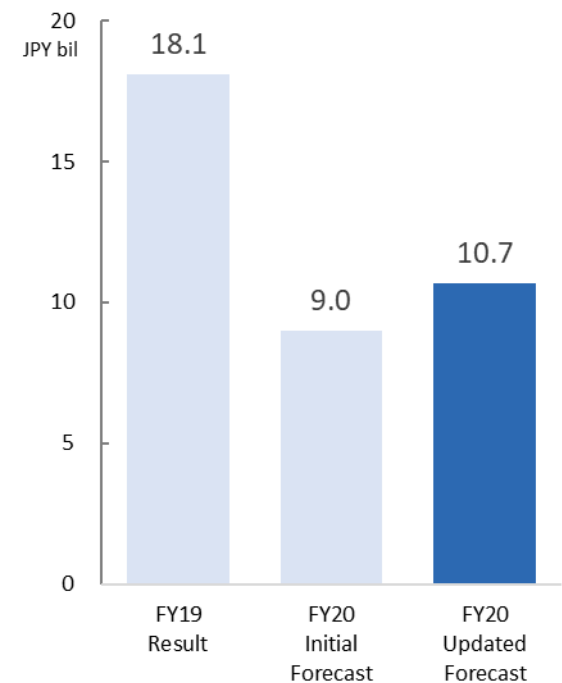
■ Construction Contract Awards



■ Revenues



■ Net Income



### 3. Overseas Subsidiaries and Affiliates

#### Contracts

- Downward due to delayed negotiations in large promising projects in Asia (KAP)

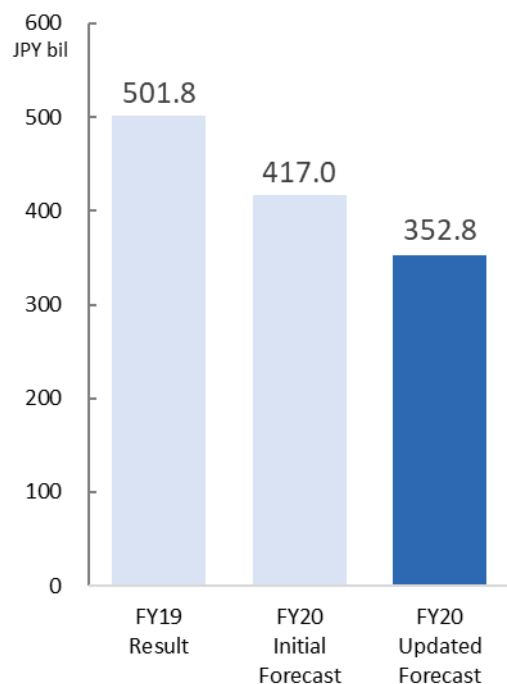
#### Revenues

- Expect to increase with steady progress of construction business in the U.S. (KUSA)

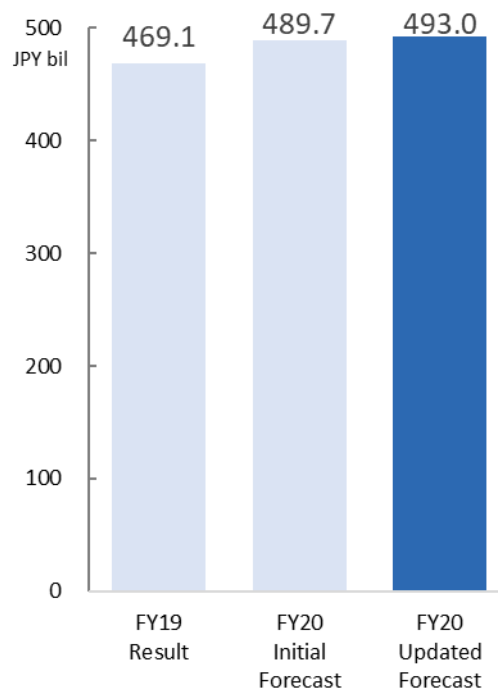
#### Net Income

- Expect to decrease caused by lower profit in Asia (KAP)

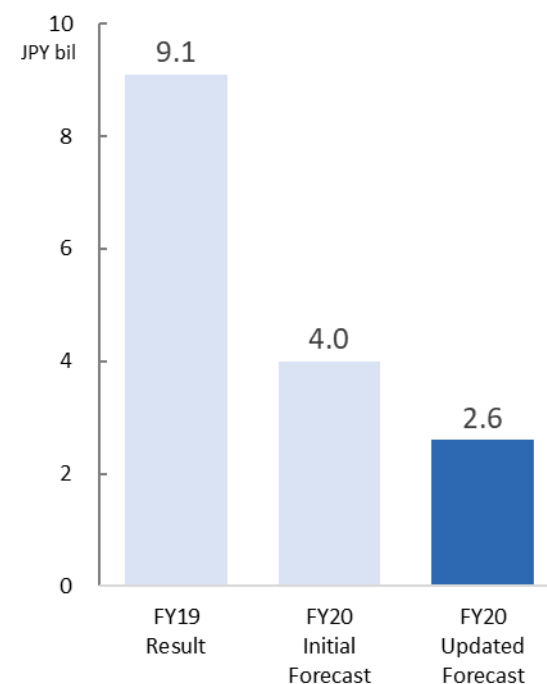
■ Construction Contract Awards



■ Revenues



■ Net Income



## 4. Investment Plan

- Steady progress in investment for future growth expecting to exceed the Medium-Term Business Plan

(¥billion)

	FY18-FY19 Result	FY20 Forecast	FY18-20 Forecast	3-year Plan (FY18-FY20)
■ Domestic/Overseas real estate development	212.0	200.0	412.0	400.0
(Recoup of investment)	88.0	59.0	147.0	175.0
Domestic	116.0	92.0	208.0	160.0
(Recoup of investment)	33.0	28.0	61.0	60.0
Overseas	96.0	108.0	204.0	240.0
(Recoup of investment)	55.0	31.0	86.0	115.0
■ R&D Investment	33.0	16.0	49.0	50.0
■ Strengthen competitiveness/ sustainable growth	47.0	23.0	70.0	50.0
■ Total	292.0	239.0	531.0	500.0

## 5. Stockholder Returns

- Leave dividend forecast unchanged
- Decided on share repurchase up to 10 billion yen

	FY18 Result	FY19 Result	FY20 Initial Forecast	FY20 Updated Forecast
Dividend per Share	¥50.00	¥50.00	¥50.00	¥50.00
Earnings per Share (EPS)	¥211.67	¥200.99	¥156.07	¥156.03
Payout Ratio	23.6%	24.9%	32.0%	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.

### - 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 10, 2020, and are subject to risks and uncertainties that may cause the actual results to vary.