

Investor Presentation



**Financial Results for 2Q/ FY2014 (cumulative)
and
Forecasts for Full FY2014**

November 12, 2014

OBAYASHI CORPORATION

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on November 12, 2014 as a digest of Obayashi Corporation's "Summary of the 2nd Quarter (cumulative) Financial Results for FY2014 ending March 2015" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on November 11, 2014 is presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" and this presentation, Japanese "Kessan Tanshin" will prevail. This investor presentation is not to solicit any individuals or entities to buy or sell stocks of Obayashi Corporation. This investor presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The unit used is 100 million yen or Japanese "oku-yen" unless otherwise specified.

Financial Results for 2Q/ FY2014 (Cumulative) and Forecasts for FY2014



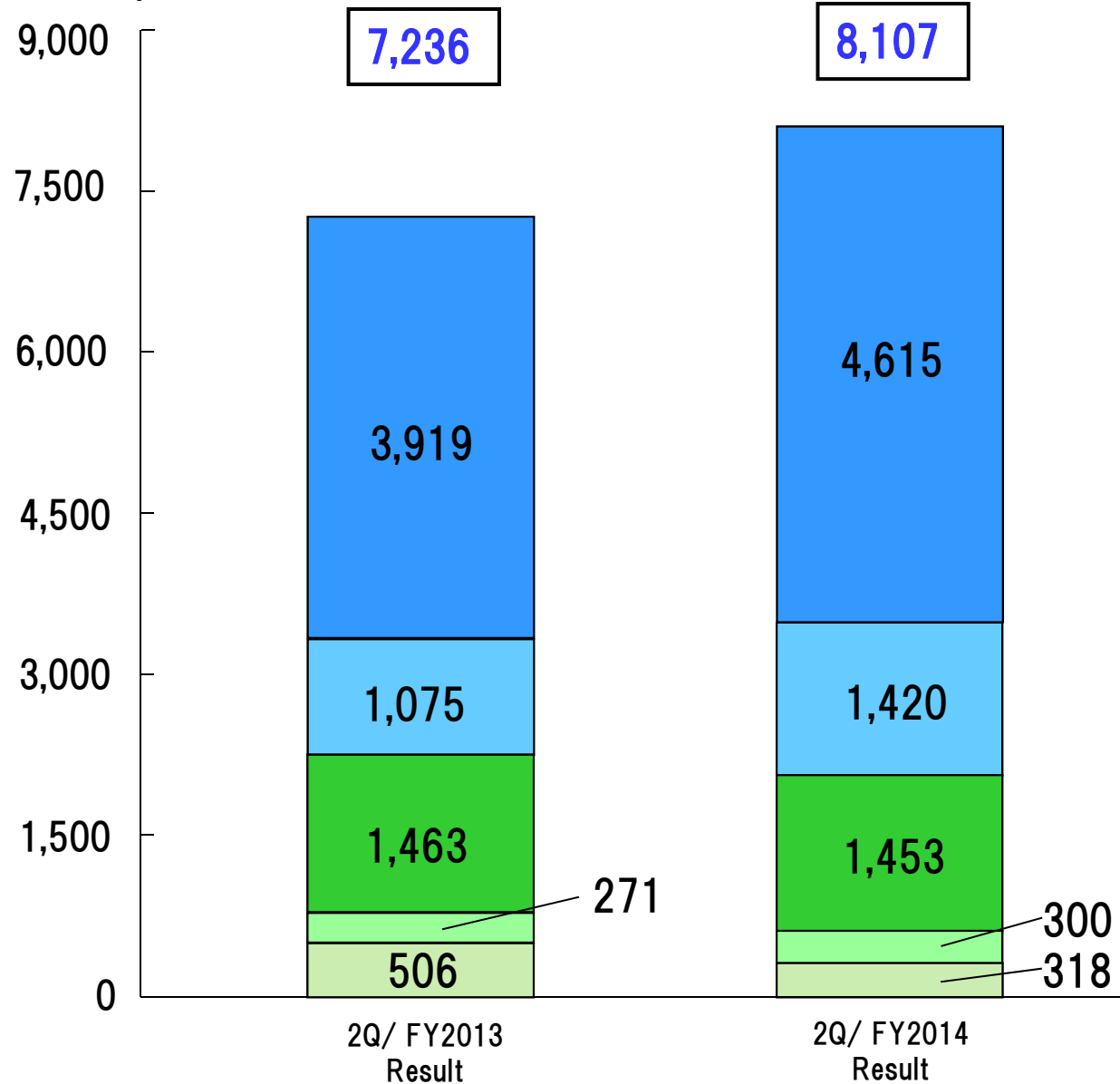
【Consolidated】 Overview of Financial Results

(100 million yen)

| | 2Q/ FY2013 | 2Q/ FY2014 | Increase (Decrease) | % Increase (% Decrease) |
|------------------|------------|------------|------------------------|----------------------------|
| Net Sales | 7,236 | 8,107 | 871 | 12.0% |
| Gross Profit | 478 | 557 | 79 | 16.6% |
| Operating Income | 84 | 168 | 84 | 100.1% |
| Ordinary Income | 120 | 222 | 102 | 85.4% |
| Net Income | 63 | 141 | 78 | 124.7% |

【Consolidated】 Net Sales by Business Segment

(100 million yen)



YoY
+871 (+12.0%)

Domestic building const.
+696 (+17.8%)

Overseas building const.
+344 (+32.0%)

Domestic civil engineering
Δ10 (Δ0.7%)

Overseas civil engineering
+29 (+10.8%)

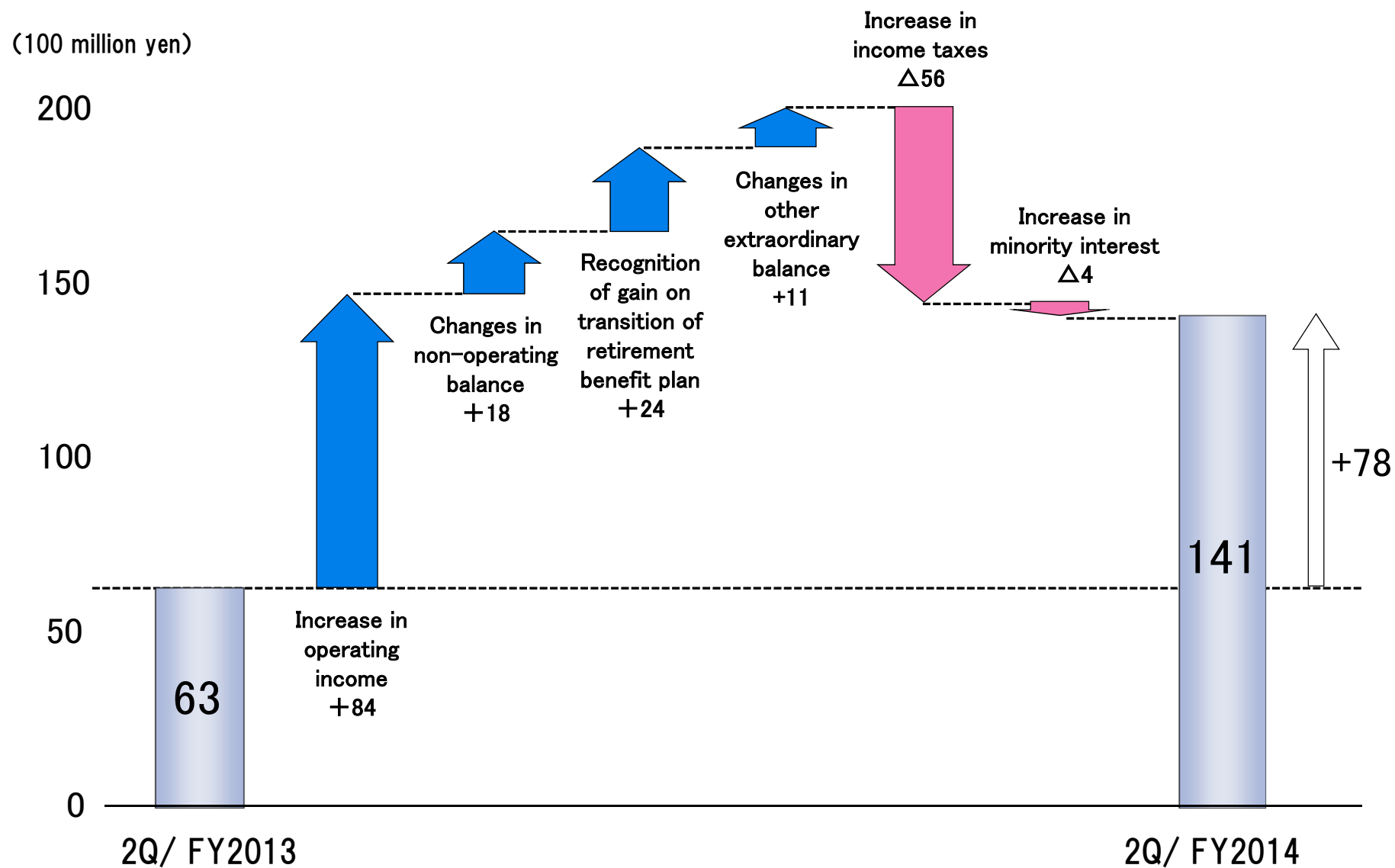
Real estate business and other
Δ188 (Δ37.2%)

【Consolidated】 Operating Income by Business Segment

(100 million yen)

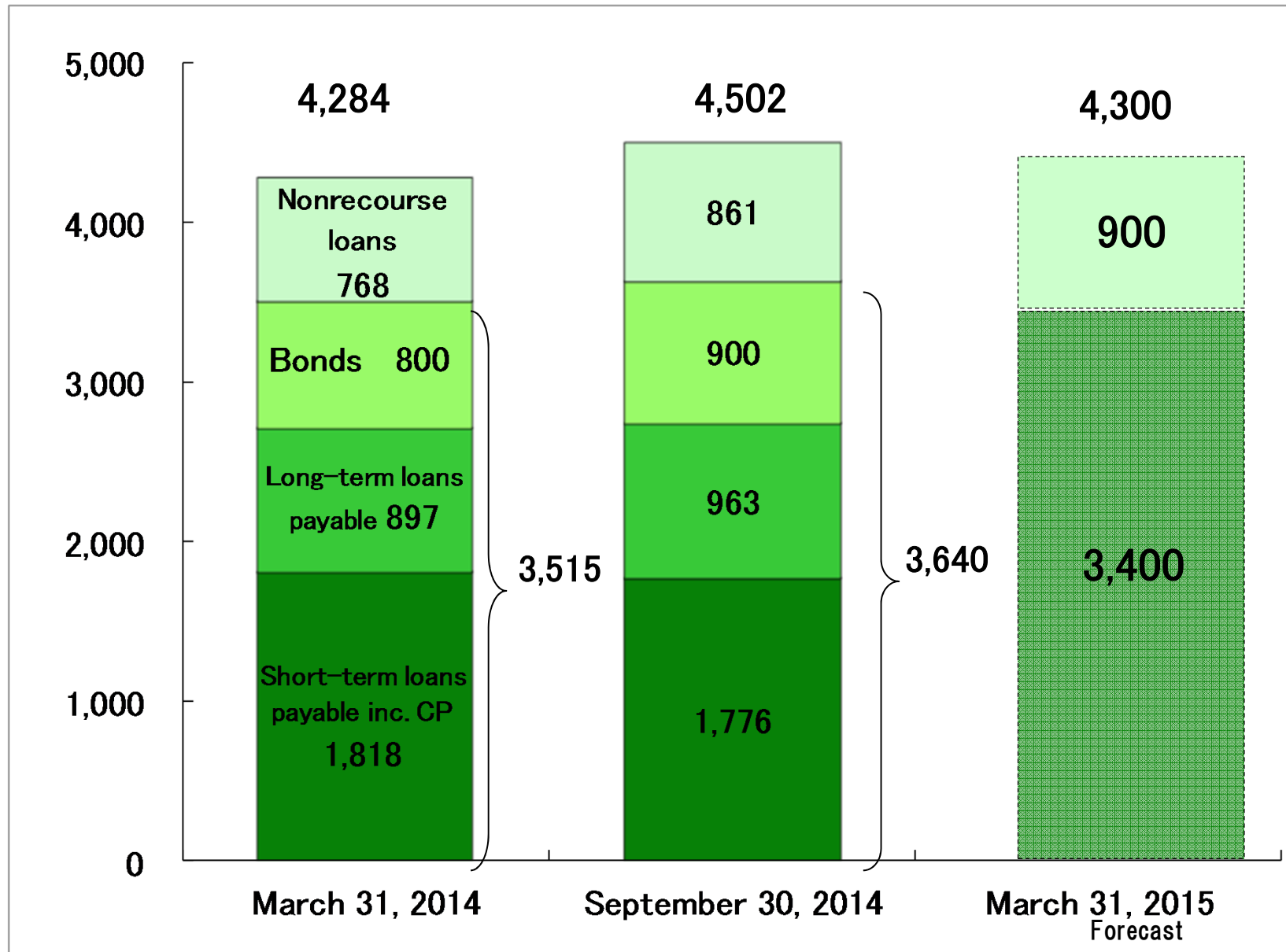
| | | 2Q/ FY2013 | | 2Q/ FY2014 | | Increase (Decrease) |
|-----------------------------------|-----------------------------------|---------------------|------|---------------------|-----|------------------------|
| | | Operating margin | | Operating margin | | |
| | Domestic building construction | (0.8%) | (30) | 0.6% | 26 | 56 |
| | Overseas building construction | 2.3% | 25 | 1.7% | 24 | (0) |
| | Domestic civil engineering | 0.9% | 13 | 4.6% | 67 | 53 |
| | Overseas civil engineering | (1.4%) | (3) | 0.7% | 2 | 6 |
| Construction total | | 0.1% | 4 | 1.5% | 120 | 116 |
| Real estate business and other | | 15.7% | 79 | 15.0% | 47 | (31) |
| Total | | 1.2% | 84 | 2.1% | 168 | 84 |

【Consolidated】 Breakdown of Increase/ Decrease in Net Income



【Consolidated】 Transition of Interest-bearing Debt

(100 million yen)



【Consolidated】 Cash Flows

OBUYASHI CORPORATION

(100 million yen)

| | 2Q/ FY2013 | 2Q/ FY2014 | Increase (Decrease) |
|---------------------------------------------------------|------------|------------|------------------------|
| Operating activities | (259) | 167 | 426 |
| Investing activities | (333) | (113) | 219 |
| Financing activities | 537 | 152 | (385) |
| Net increase (decrease) in cash and cash equivalents | (27) | 203 | 231 |
| Cash and cash equivalents at the end of period | 969 | 1,415 | 446 |

【Non-consolidated】 Forecasts for FY2014

OBAYASHI CORPORATION

(100 million yen)

| | FY2014 Forecast | 2Q/ FY2014 Previous Forecast | 2Q/ FY2014 Result | Increase (Decrease) | Remarks |
|----------------------------------------------------------------------------------------------------|-----------------------|------------------------------|-----------------------|-----------------------------|-------------------------------------------------------------------------------------|
| Net Sales | 12,100 | 6,000 | 5,990 | (Δ 9) | |
| Gross Profit on Completed Construction Contracts (Building Construction) (Civil Engineering) | 690 (420) (220) | 315 (200) (90) | 340 (196) (119) | 25 (Δ 3) (29) | |
| Selling, general and administrative expenses | 590 | 290 | 276 | (Δ 13) | Certain costs pushed back from the 1 st half to the 2 nd half |
| Operating Income | 100 | 25 | 64 | 39 | |
| Ordinary Income | 160 | 60 | 125 | 65 | Exchange rate in the 2 nd half of FY2014 uncertain |
| Extraordinary balance | — | 20 | 30 | 10 | Forecast for the 2 nd half: \blacktriangle 30 Full year forecast: 0 |
| Income before income taxes and minority interests | 160 | 80 | 156 | 76 | |
| Net Income | 105 | 50 | 104 | 54 | Possibility of disposal of deferred tax assets due to corporate tax rate cut |

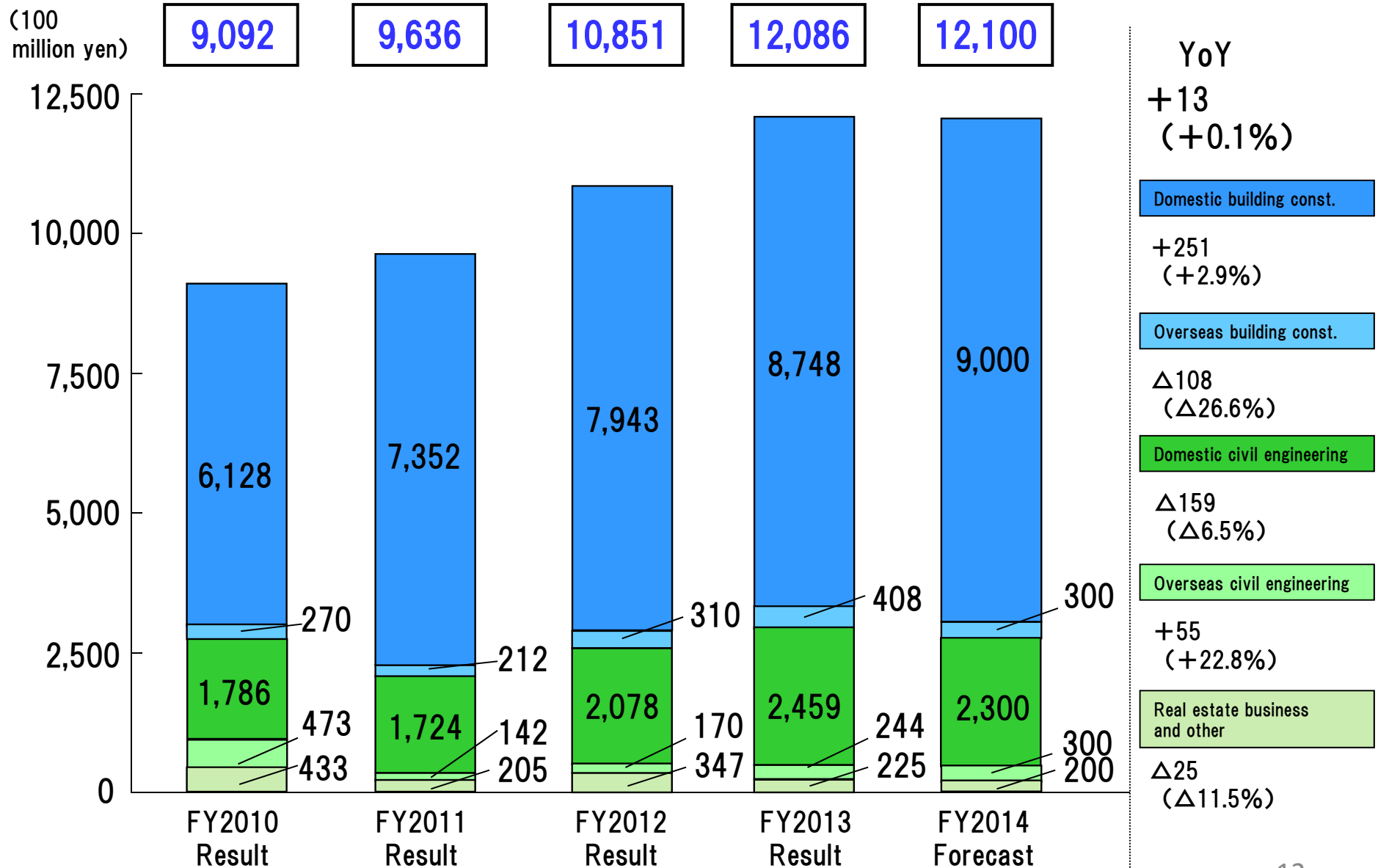
【Consolidated】 Forecasts for FY2014

OBAYASHI CORPORATION

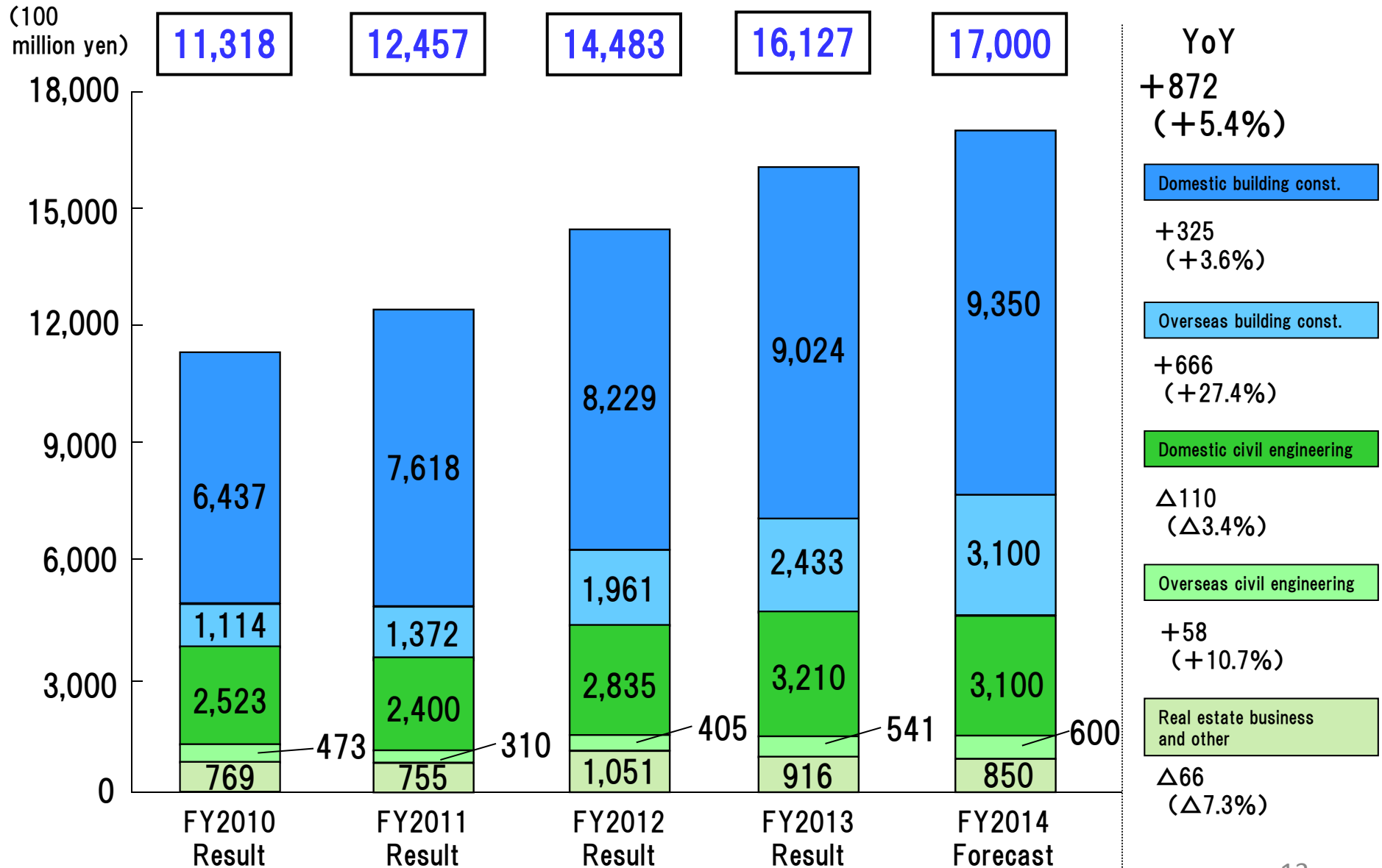
(100 million yen)

| | FY2013 Result | FY2014 Forecast | Increase (Decrease) | % Increase (% Decrease) |
|------------------|------------------|--------------------|------------------------|----------------------------|
| Net Sales | 16,127 | 17,000 | 872 | 5.4% |
| Gross Profit | 1,120 | 1,180 | 59 | 5.3% |
| Operating Income | 319 | 350 | 30 | 9.4% |
| Ordinary Income | 401 | 390 | (11) | (2.8%) |
| Net Income | 216 | 230 | 13 | 6.3% |

【Non-consolidated】 Forecast for Net Sales



【Consolidated】 Forecast for Net Sales



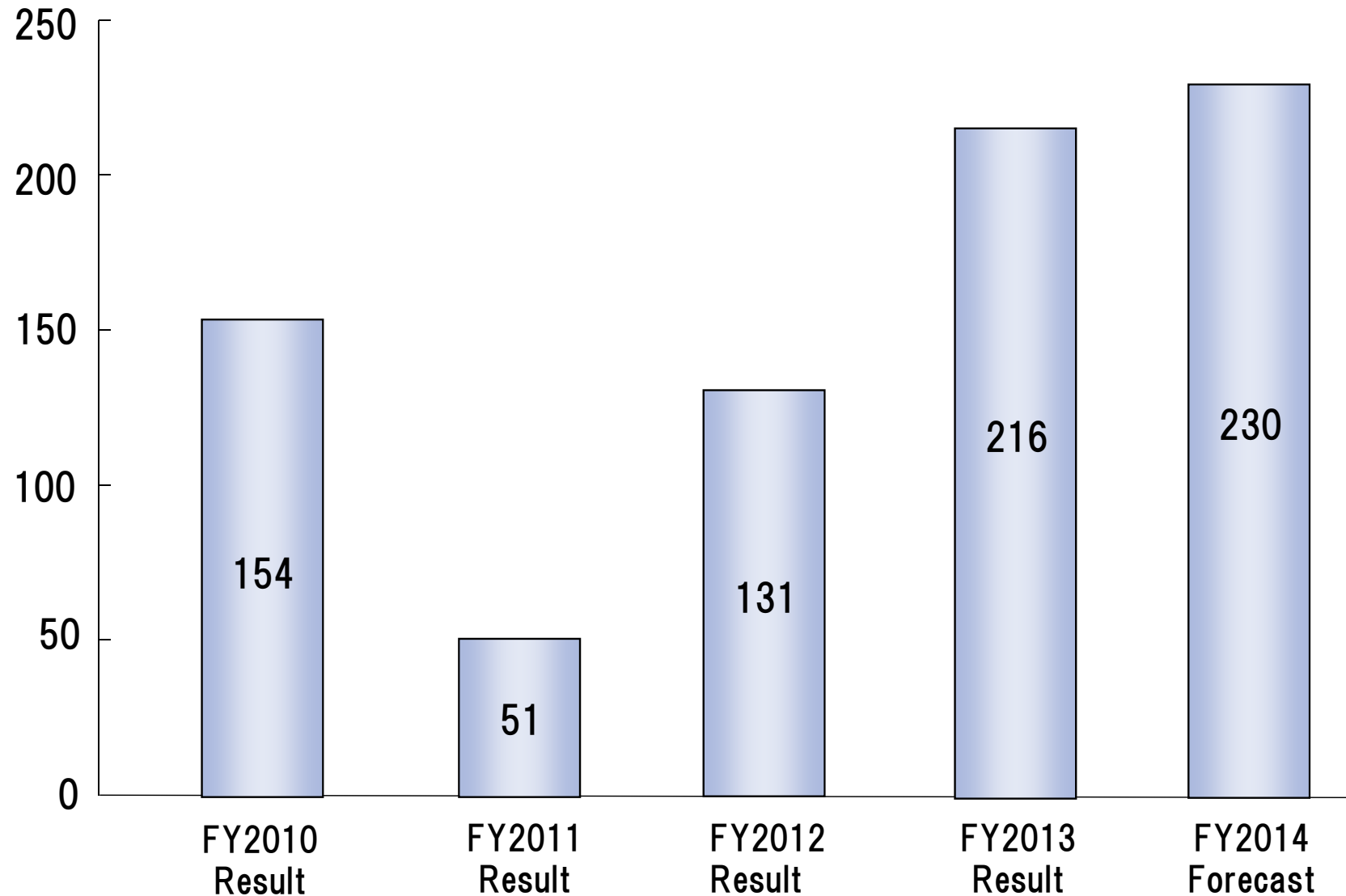
【Consolidated】 Forecast for Operating Income by Business Segment

(100 million yen)

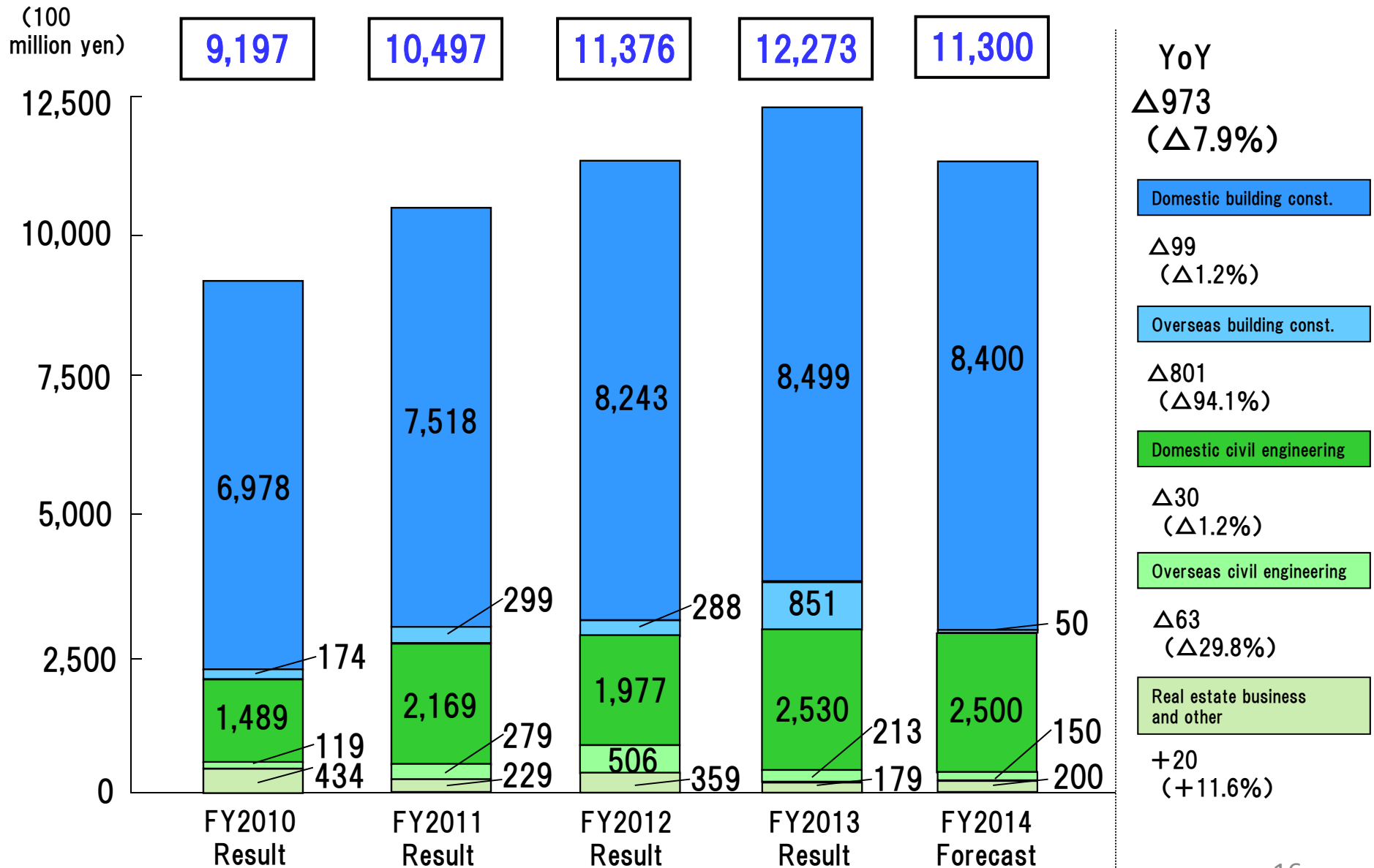
| | | FY2013 (Result) | | FY2014 (Forecast) | | Increase (Decrease) |
|-----------------------------------|-----------------------------------|---------------------|------|---------------------|------|------------------------|
| | | Operating margin | | Operating margin | | |
| | Domestic building construction | 0.6% | 51 | 0.7% | 65 | 13 |
| | Overseas building construction | 2.6% | 62 | 1.8% | 55 | (7) |
| | Domestic civil engineering | 3.6% | 114 | 3.5% | 110 | (4) |
| | Overseas civil engineering | (6.7%) | (36) | (1.7%) | (10) | 26 |
| Construction Total | | 1.3% | 191 | 1.4% | 220 | 28 |
| Real estate business and other | | 14.0% | 128 | 15.3% | 130 | 1 |
| Total | | 2.0% | 319 | 2.1% | 350 | 30 |

【Consolidated】 Forecast for Net Income

(100 million yen)

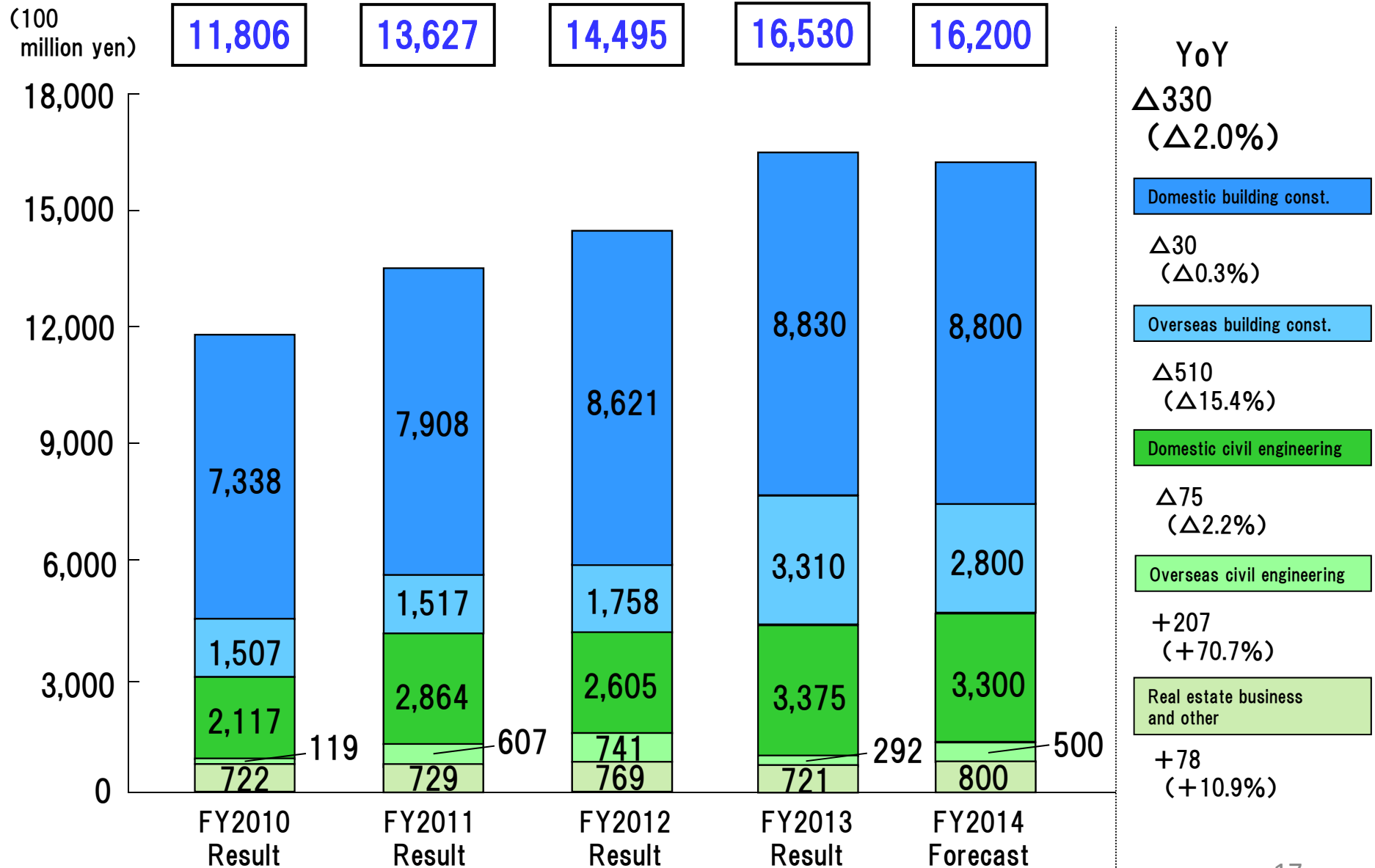


【Non-consolidated】 Forecast for Orders Received



【Consolidated】 Forecast for Orders Received

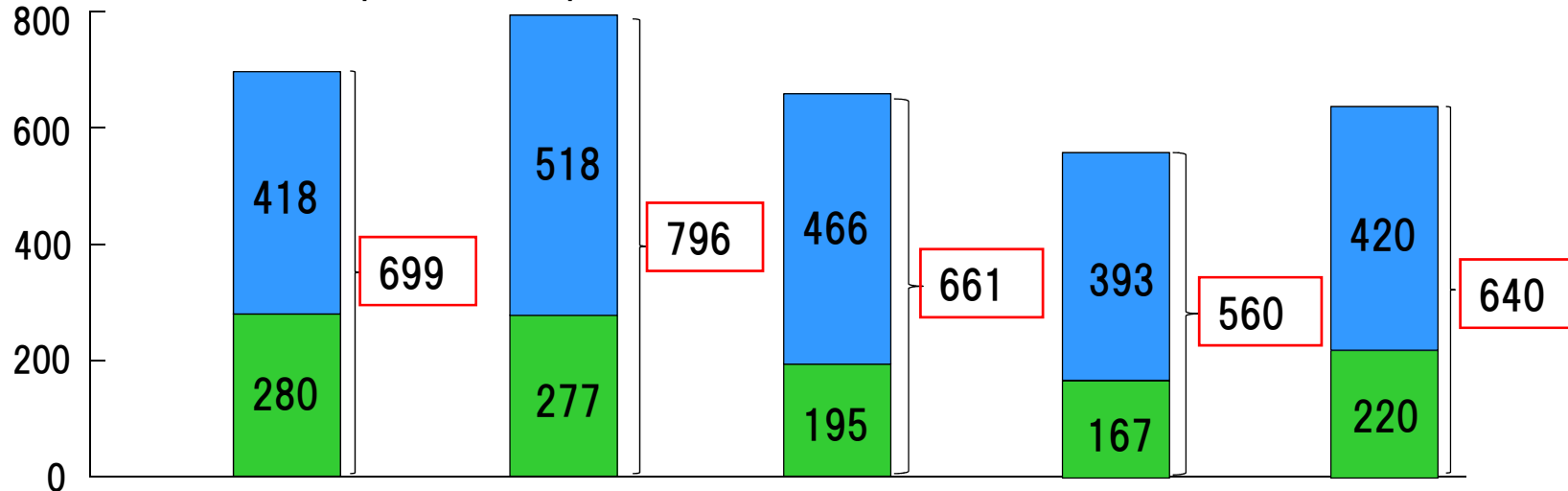
OBUYASHI CORPORATION



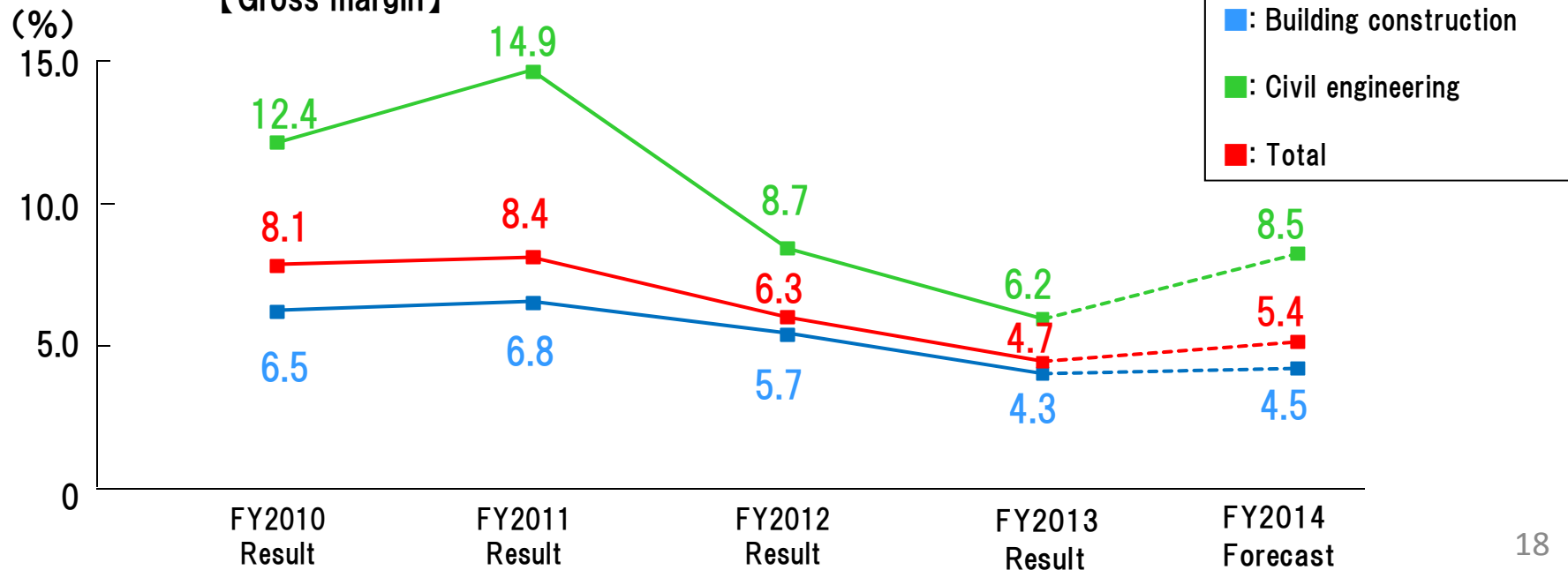
【Non-consolidated】 Transition of Gross Profit on Completed Construction Contracts

(100 million yen)

【Gross profit on completed construction contracts】



【Gross margin】



Business Environment and Forecasts for FY2014



Medium-Term Business Plan 2012 | Business Environment |

Domestic Construction Investment (nominal) Forecast for FY2014

| | |
|-----------------------------------|-----------------------|
| Construction Investment (nominal) | <u>¥47.5 Trillion</u> |
| Private Construction Investment | <u>¥27.9 Trillion</u> |
| Private non-residential building | ¥8.6 Trillion |
| Private civil engineering | ¥4.6 Trillion |
| Public Construction Investment | <u>¥19.5 Trillion</u> |

Private non-residential building
¥13.2 Trillion,
increased by 6.5%

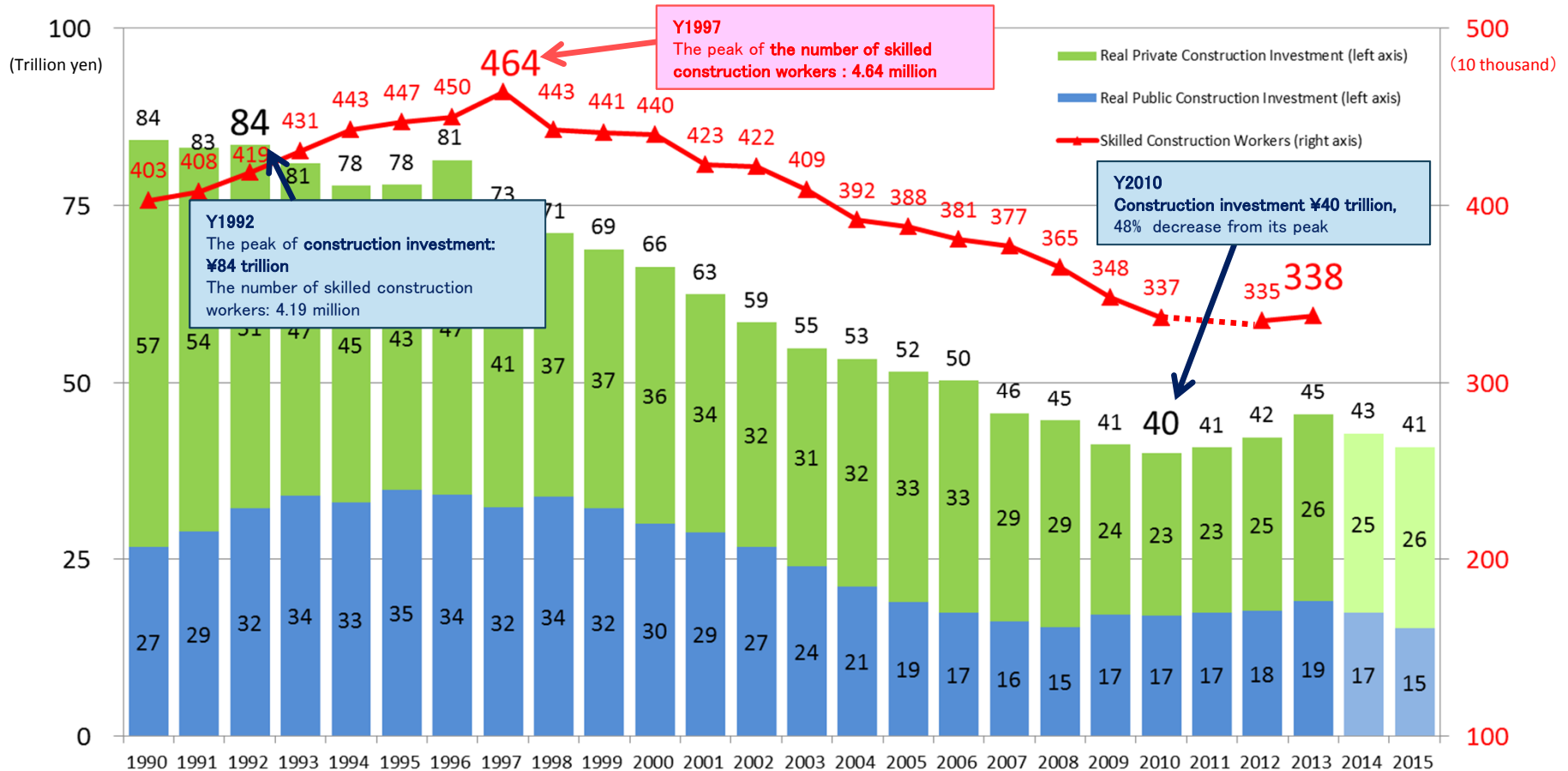
| | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | | | FY2015 | | |
|-----------------------------------|----------|----------|----------|-------------|-------------|------------|---------------------|----------------|------------|---------------------|----------------|
| | (Result) | (Result) | (Result) | (Tentative) | (Tentative) | (Forecast) | Increase (Decrease) | Rate of change | (Forecast) | Increase (Decrease) | Rate of change |
| Construction Investment (nominal) | 42.96 | 41.93 | 43.29 | 44.20 | 48.72 | 47.47 | (1.25) | (2.6%) | 45.95 | (1.52) | (3.2%) |
| Private Construction Investment | 25.03 | 23.95 | 24.68 | 25.51 | 28.12 | 27.93 | (0.19) | (0.7%) | 28.68 | 0.75 | 2.7% |
| Private residential building | 12.84 | 12.98 | 13.38 | 14.09 | 15.74 | 14.75 | (0.99) | (6.3%) | 15.25 | 0.50 | 3.4% |
| Private non-residential building | 7.64 | 6.91 | 6.96 | 7.18 | 7.98 | 8.59 | 0.61 | 7.6% | 8.80 | 0.21 | 2.4% |
| Private civil engineering | 4.55 | 4.06 | 4.34 | 4.24 | 4.40 | 4.59 | 0.19 | 4.3% | 4.63 | 0.04 | 0.9% |
| Public Construction Investment | 17.93 | 17.98 | 18.61 | 18.69 | 20.60 | 19.54 | (1.06) | (5.1%) | 17.27 | (2.27) | (11.6%) |
| Public building construction | 2.21 | 2.21 | 2.14 | 2.16 | 2.69 | 2.53 | (0.16) | (5.9%) | 2.10 | (0.43) | (17.0%) |
| Public civil engineering | 15.72 | 15.77 | 16.47 | 16.53 | 17.91 | 17.01 | (0.90) | (5.0%) | 15.17 | (1.84) | (10.8%) |

※Research Institute of Construction and Economy "Quarterly Outlook of Construction and Macro Economy" (Released in October, 2014)

Medium-Term Business Plan 2012 | Business Environment |

Transition of Construction Investment (real) & Skilled Construction Workers

- Construction investment (real) for Y2013 forecasted to be ¥45 trillion, decreased by 46% from the peak (Y1992)
- The number of skilled construction workers 3.38 million (Y2013 average), decreased by 27% from the peak (Y1997)



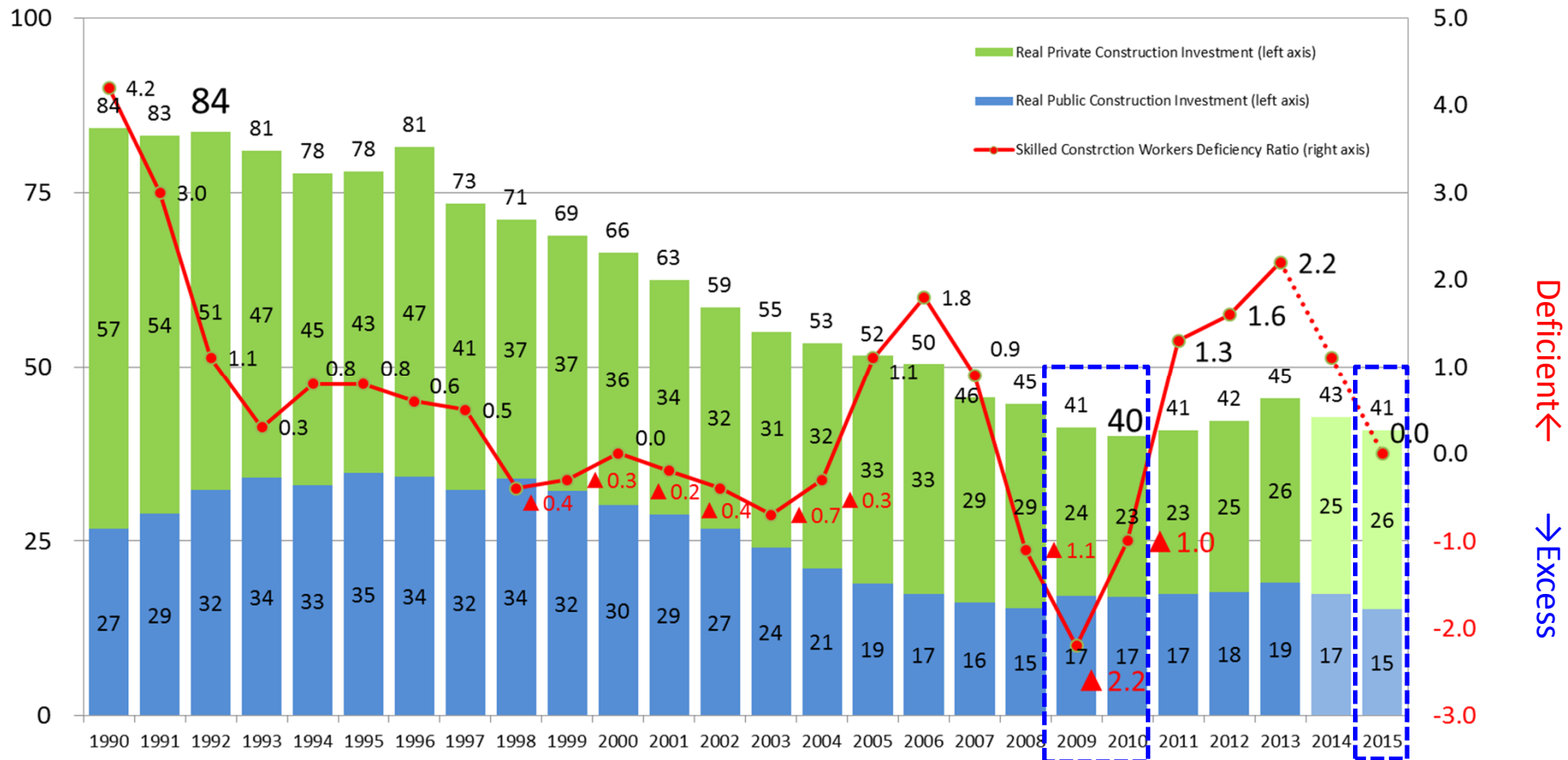
※Real construction investment: ~Y2013, The Ministry of Land, Infrastructure, Transport and Tourism "Estimate of Construction Investment", Y2014~Y2015, Research Institute of Construction and Economy "Quarterly Outlook of Construction and Macro Economy" (Released in October, 2014)

※Skilled construction workers: Ministry of Internal Affairs and Communications "Labor Force Survey", ~Y2010, Total of "Production process worker and labourer" in construction industry, Y2012~, Total of "Manufacturing process workers", "Transport and machine operation workers" and "Construction and mining workers".

Medium-Term Business Plan 2012 | Business Environment |

Transition of Construction Investment (real) & Skilled Construction Workers Deficiency Ratio

- Skilled construction workers deficiency ratio turned to a positive (deficient) after the Great East Japan Earthquake (Y2011)
- Construction investment (real) for Y2015 is expected to be ¥41 trillion, the level existing before the earthquake disaster



※Real construction investment: ~Y2013, The Ministry of Land, Infrastructure, Transport and Tourism "Estimate of Construction Investment", Y2014~Y2015, Research Institute of Construction and Economy "Quarterly Outlook of Construction and Macro Economy" (Released in October, 2014)

※Skilled construction workers deficiency ratio: The Ministry of Land, Infrastructure, Transport and Tourism "Survey on Supply and Demand of Construction Labor", average of 6 occupations (form (building, civil), plaster, scaffolding, ferroconcrete reinforcement (building, civil) works)

Medium-Term Business Plan 2012 | Forecasts for FY2014 (Non-consolidated) |

(100 million yen)

| | | FY2012 Result | FY2013 Result | FY2014 | | | | | | Increase (Decrease) from previous FY |
|-----------------------------------------------------------|----------|------------------|------------------|--------------------------------------|--------------|------------|-------------|---------------------------------------------------|-------------|-----------------------------------------------|
| | | | | 2Q | | | | Full year forecast announced on November 11 | | |
| | | | | Forecast announced on August 5 | | Result | | | | |
| Net sales of completed construction contracts | Building | 8,254 | 9,157 | 4,820 | 4,694 | | | 9,300 | 142 | |
| | Civil | 2,249 | 2,703 | 1,100 | 1,221 | | | 2,600 | (103) | |
| | Total | 10,503 | 11,860 | 5,920 | 5,915 | | | 11,900 | 39 | |
| Net sales of real estate business and other | | 347 | 225 | 80 | 74 | | | 200 | (25) | |
| Net sales | | 10,851 | 12,086 | 6,000 | 5,990 | | | 12,100 | 13 | |
| Gross profit on completed construction contracts | Building | 466 | 393 | 200 | 196 | 420 | 4.5% | 26 | 0.2% | |
| | Civil | 195 | 167 | 90 | 119 | 220 | 8.5% | 52 | 2.3% | |
| | 計 | 661 | 560 | 290 | 315 | 640 | 5.4% | 79 | 0.6% | |
| Gross profit on real estate business and other | | 65 | 47 | 25 | 24 | 50 | 25.0% | 2 | 3.8% | |
| Gross profit | | 727 | 608 | 315 | 340 | 690 | 5.7% | 81 | 0.7% | |
| Selling, general and administrative expenses | | 585 | 581 | 290 | 276 | 590 | 4.9% | 8 | 0.1% | |
| Operating income | | 142 | 27 | 25 | 64 | 100 | 0.8% | 72 | 0.6% | |
| Ordinary income | | 245 | 113 | 60 | 125 | 160 | 1.3% | 46 | 0.4% | |
| Net income | | 60 | 76 | 50 | 104 | 105 | 0.9% | 28 | 0.2% | |

Medium-Term Business Plan 2012 | Forecasts for FY2014 (Consolidated) |

(100 million yen)

| | FY2012 Result | FY2013 Result | FY2014 Forecast announced on November 11 | 【Reference】 FY2014 Initial target※ | Beyond FY2014 |
|--------------------------------------------------------------------------------------|--------------------------------|-------------------------------|------------------------------------------------|------------------------------------------|------------------------------------------------------------------------------------------------------------|
| Net sales | Conso 14,483 | Conso 16,127 | Conso 17,000 | 15,000 | Net sales (Construction) |
| | Non-conso 10,851 | Non-conso 12,086 | Non-conso 12,100 | | |
| Construction | 13,431 | 15,210 | 16,150 | 14,000 | <p>Share Overseas 25 30% Domestic 75 70%</p> <p>FY 2014 →</p> |
| Domestic | 82% | 80% | 77% | 80% | |
| Overseas | 18% | 20% | 23% | 20% | |
| Real estate etc. | 1,051 | 908 | 820 | 900 | |
| New businesses | — | 8 | 30 | 100 | |
| Operating income | Conso 351 (2.4%) | Conso 319 (2.0%) | Conso 350 (2.1%) | 450 (3.0%) | Operating income |
| (Operating margin) | Non-conso 142 (1.3%) | Non-conso 27 (0.2%) | Non-conso 100 (0.8%) | | |
| Domestic construction | 55% | 52% | 50% | 60% | |
| Other than above (Overseas construction, real estate, new businesses etc.) | 45% | 48% | 50% | 40% | <p>Share Other than Domestic Construction 50 50% Domestic Construction 50 50%</p> <p>FY 2014 →</p> |

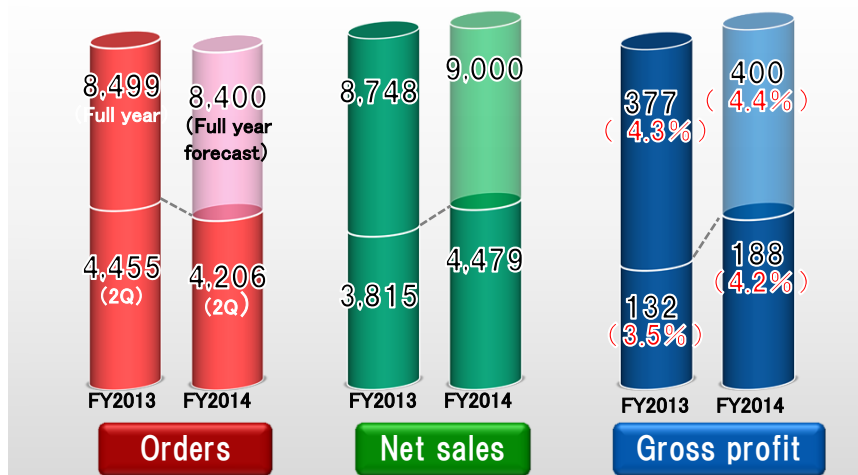
※ Initial target when Medium-Term Business Plan 2012 was formulated.

Medium-Term Business Plan 2012 | Improve Profitability of Core Business Unit |

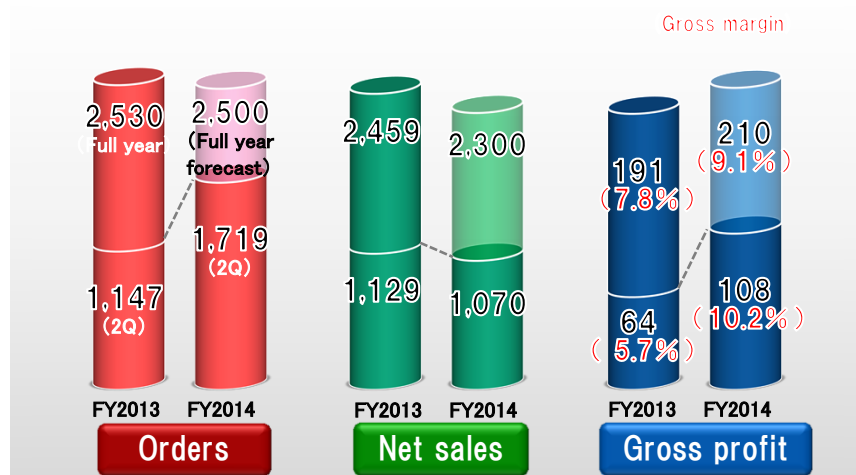
Construction Business — Cope with Rising Construction Demand

- ◇ Proceed deliberately planned marketing activity considering **production capacity** and profitability
- ◇ Gross profit indicates **signs of recovery** since the proportion of unprofitable projects received under a harsh environment is decreasing

【Non-consolidated】 Domestic building construction Gross margin

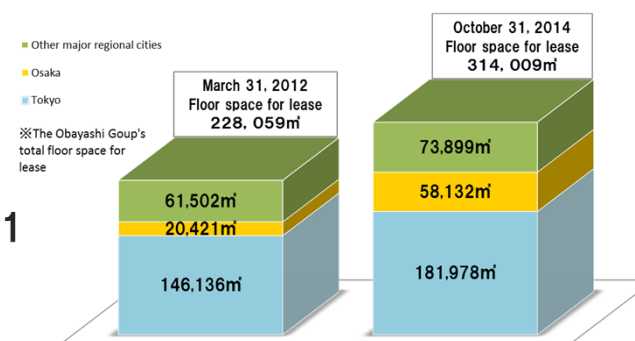


【Non-consolidated】 Domestic civil engineering Gross margin



Real Estate Business — Enhance a Stable Earnings Base Centered on the Leasing Business

- ◇ Continue to invest in properties for leasing
 - **Reconstruction and value creation** for existing properties
 - Improve the portfolio with profitability and stability through strategic **acquisition and sale** of real estates
- ◇ Merged subsidiaries as **Obayashi Shinseiwa Real Estate** on October 1
 - Combine the strengths of predecessor companies and start anew as a comprehensive real estate developer



Medium-Term Business Plan 2012 | Diversification of Earnings Base |

Further Strategic Global Expansion

- Overseas construction business expanding steadily, focusing on 3 regions (Asia, North America, Middle East)

Overseas sales ratio forecasted to be **23%**

(100 million yen)

| | FY2013 result | | FY2014 result | | FY2015 Forecast | |
|------------------------------|---------------|-------|---------------|-------|-----------------|-------|
| Consolidated overseas orders | 2,500 | (18%) | 3,603 | (23%) | 3,300 | (21%) |
| Consolidated overseas sales | 2,366 | (18%) | 2,975 | (20%) | 3,700 | (23%) |

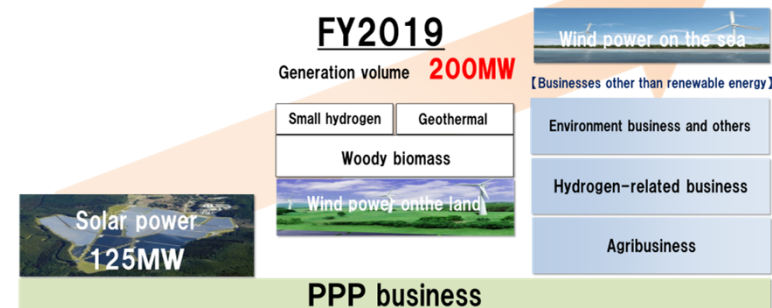
(% indicates ratio of overseas sales among construction business sales)

Creation of New Enterprises through Business Innovation

- Established Technology Business Development Division
 - Utilize possessed technologies and cultivate **new businesses** as a **“new pillar of income”** next to construction business and real estate business
 - Shift focus of renewable energy business from solar power into “wind power” and “biomass”
 - Expand PPP business. Participate in both domestic and overseas concession projects
 - Entered into agricultural businesses

<Business development of new businesses>

[Power generation business through renewable energy]



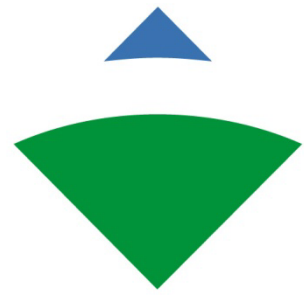
Development of Technology into Direct Sources of Profit

- Develop labor-saving technology to improve productivity
 - Developed “Automatic Transport System” to reduce transportation of materials and equipments in construction sites
 - Research and development of “Concrete Crack Measuring System” applying image processing technology
 - Conducted joint empirical research of “HAL”, a robot suit for supporting construction works

Automatic Transport System

Compared to conventional method, the system can reduce workloads by 1/2 to 1/3





OBAYASHI