

Investor Presentation



**4th Quarter Presentation on Financial Results
(April 1 to March 31, 2019)**

May 14, 2019

OBAYASHI CORPORATION

Financial Results for Fiscal Year Ended March 31, 2019



Overview of Full-Year Consolidated Results



See the Consolidated Financial Results in the 4th Quarter Financial Results on the upper side of Page 1.

< Consolidated Business Results >

Net Sales 2,039.6 billion yen + 7.3% YoY
Reached 2 trillion yen for the first time

Operating Income 155.4 billion yen +12.8% YoY

Ordinary Income 163.0 billion yen +13.3% YoY

Profit attributable to
owners of parent 113.1 billion yen +22.1% YoY

→ Record highs were achieved at all levels, achieving the goals of Medium-Term Business Plan 2017

< Dividends per Share >

Fiscal year ended March 31, 2019: Total annual dividends of 32 yen per share
(Interim dividend of 14 yen and a year-end dividend of 18 yen; dividend increase of 4 yen)

Fiscal year ending March 31, 2020: Total annual dividends of 32 yen per share (forecast)

<Non-consolidated> Topics of Statements of Income



See the Non-consolidated Financial Results (YoY Comparison) in the 4th Quarter Financial Results on the upper right-hand side of Page 5.

<Net Sales of Completed Construction Contracts>

Total 1,376.6 billion yen +100.2 billion yen YoY

Building Construction 1,085.2 billion yen +96.2 billion yen YoY

→ Due to steady progress on the large number of construction projects in the Tokyo metropolitan area

Civil Engineering 291.4 billion yen +4.0 billion yen YoY

<Gross Profit on Completed Construction Contracts>

Total 185.3 billion yen +11.3 billion yen YoY

Building Construction 132.6 billion yen +8.1 billion yen YoY

Gross profit margin 12.2% (0.4) pt YoY

Civil Engineering 52.7 billion yen +3.2 billion yen YoY

Gross profit margin 18.1% +0.9 pt YoY

→ Due to additional contract fees received, primarily on construction projects completed this fiscal year, and progress on improvement in costs

<Consolidated> Topics of Statements of Income Notable Affiliated Company Results



See the Consolidated Net sales, Operating Income (YoY Comparison) in the top part on Page 8 the 4th Quarter Financial Results

<Consolidated Net Sales>

Overseas Building Construction 408.7 billion yen +24.7 billion yen YoY

→Mainly: Webcor 240.9 billion yen +20.0 billion yen YoY

Thai Obayashi 57.7 billion yen +19.2 billion yen YoY

Due to progress on construction projects

<Consolidated Operating Income>

Overseas Building Construction 6.7 billion yen +3.7 billion yen YoY

→Mainly: Thai Obayashi 5.8 billion yen +2.2 billion yen YoY

Real Estate Business 10.5 billion yen +1.9 billion yen YoY

→Mainly: Obayashi-Shinseiwa 8.9 billion yen (0.7) billion yen YoY

Improvement in occupancy rate of buildings owned by Obayashi Corporation (non-consolidated)

For reference: See Page 10 of 4th Quarter Supplementary Data on Financial Results (April 1 to March 31, 2019) for the results of the main subsidiaries.

Orders Received



See the consolidated business results at the middle part on Page 5 of 4th Quarter Financial Results

<Non-consolidated>

Building Construction	1,044.3 billion yen	+48.9 billion yen	YoY
<u>Civil Engineering</u>	<u>261.6 billion yen</u>	<u>(46.0) billion yen</u>	<u>YoY</u>
Construction Total	1,305.9 billion yen	+ 2.8 billion yen	YoY

- Orders received were on par with the previous fiscal year overall, and systematic pursuit of receiving orders sustained orders received at a high level
- The increase in building construction was mainly due to an increase in the number of factory projects for the domestic manufacturing industry
- Decrease in civil engineering: Mainly due to slippage of large projects into the next period

Interest-bearing Debt Balances



See the Interest-bearing debt balances at the bottom part on Page 5 of the 4th Quarter Financial Results

<Interest-bearing Debt Balances Total>

As of March 31, 2018	276.7 billion yen
<u>As of March 31, 2019</u>	<u>272.2 billion yen</u>
YoY Change	(4.5) billion yen

- The forecast as of March 31, 2020 is 260 billion yen
- Operating cash flow generated from the net cash inflow in the domestic construction business will be used for ongoing investment in growth, in accordance with Medium-Term Business Plan 2017

**Forecasts for Fiscal Year Ending March 31, 2020
and
Initiatives Aimed at Realizing Our Vision for the Future**



Forecasts for Fiscal Year Ending March 31, 2020

— Consolidated Statements of Income



(Yen in billions)

	Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018	Result ① April 1, 2018 - March 31, 2019	Forecast ② April 1, 2019 - March 31, 2020	YoY Comparison ②-①
Net Sales	1,872.7	1,900.6	2,039.6	2,030.0	△ 9.6
Non-consolidated	1,304.0	1,294.0	1,398.2	1,378.0	△ 20.2
Gross Profit	224.9	234.3	254.0	250.0	△ 4.0
Selling, General and Administrative Expense	91.1	96.5	98.5	100.0	1.4
Operating Income (Operating Income margin)	133.7 7.1%	137.8 7.3%	155.4 7.6%	150.0 7.4%	△ 5.4
Non-consolidated	108.2 8.3%	109.7 8.5%	123.2 8.8%	113.5 8.2%	△ 9.7
Ordinary Income	140.1	143.9	163.0	156.5	△ 6.5
Profit attributable to owners of parent	94.5	92.6	113.1	110.0	△ 3.1

Forecasts for Fiscal Year Ending March 31, 2020

— Net Sales, Operating Income



(Yen in billions)

			Result			Result ①			Forecast ②			Y o Y Comparison	
			April 1, 2017 - March 31, 2018			April 1, 2018 - March 31, 2019			April 1, 2019 - March 31, 2020			②—①	
			Net Sales	Operating Income		Net Sales	Operating Income		Net Sales	Operating Income		Net Sales	Operating Income
Construction Business	Building Construction	Domestic	1,014.3	83.9	8.3%	1,126.5	93.7	8.3%	1,116.0	91.0	8.2%	△ 10.5	△ 2.7
		Overseas	383.9	2.9	0.8%	408.7	6.7	1.7%	372.0	6.5	1.7%	△ 36.7	△ 0.2
		Subtotal	1,398.3	86.9	6.2%	1,535.2	100.4	6.5%	1,488.0	97.5	6.6%	△ 47.2	△ 2.9
	Civil Engineering	Domestic	346.1	38.2	11.1%	351.3	39.7	11.3%	347.0	36.0	10.4%	△ 4.3	△ 3.7
		Overseas	76.4	1.4	1.9%	58.8	1.9	3.3%	70.0	0.5	0.7%	11.1	△ 1.4
		Subtotal	422.5	39.7	9.4%	410.2	41.7	10.2%	417.0	36.5	8.8%	6.7	△ 5.2
	Construction Total	Domestic	1,360.4	122.2	9.0%	1,477.9	133.4	9.0%	1,463.0	127.0	8.7%	△ 14.9	△ 6.4
		Overseas	460.4	4.4	1.0%	467.5	8.7	1.9%	442.0	7.0	1.6%	△ 25.5	△ 1.7
		Subtotal	1,820.9	126.6	7.0%	1,945.5	142.2	7.3%	1,905.0	134.0	7.0%	△ 40.5	△ 8.2
	Real Estate Business			44.5	8.6	19.3%	49.1	10.5	21.6%	60.0	13.0	21.7%	10.8
New Businesses and Other			35.1	2.5	7.3%	45.0	2.6	5.9%	65.0	3.0	4.6%	19.9	0.3
Total			1,900.6	137.8	7.3%	2,039.6	155.4	7.6%	2,030.0	150.0	7.4%	△ 9.6	△ 5.4

Forecasts for Fiscal Year Ending March 31, 2020

— Non-consolidated Statements of Income



(Yen in billions)

		Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018	Result ① April 1, 2018 - March 31, 2019	Forecast ② April 1, 2019 - March 31, 2020	YoY Comparison ②-①
Net Sales of Completed Construction Contracts	Building	991.5	988.9	1,085.2	1,080.0	△ 5.2
	Civil	294.3	287.4	291.4	275.0	△ 16.4
	Total	1,285.8	1,276.4	1,376.6	1,355.0	△ 21.6
Net Sales of Real Estate Business and Other		18.1	17.6	21.5	23.0	1.4
Net Sales		1,304.0	1,294.0	1,398.2	1,378.0	△ 20.2
Gross Profit on Completed Construction Contracts	Building	119.4	124.4	132.6	130.0	△ 2.6
	Civil	47.2	49.4	52.7	47.5	△ 5.2
		166.7	173.9	185.3	177.5	△ 7.8
Gross Profit on Real Estate Business and Other		5.1	3.0	5.3	5.5	0.1
Gross Profit		171.8	176.9	190.6	183.0	△ 7.6
Selling, General and Administrative Expenses		63.6	67.2	67.3	69.5	2.1
Operating Income		108.2	109.7	123.2	113.5	△ 9.7
Ordinary Income		116.5	117.8	135.7	123.0	△ 12.7
Profit		84.1	80.6	98.4	89.5	△ 8.9

Forecasts for Fiscal Year Ending March 31, 2020

— Orders Received



(Non-consolidated Orders received)

(Yen in billions)

			Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018	Result ① April 1, 2018 - March 31, 2019	Forecast ② April 1, 2019 - March 31, 2020	YoY Comparison ②-①
Construction Business	Building Construction	Domestic	1,048.1	982.3	1,038.7	1,020.0	Δ18.7
		Overseas	4.5	13.0	5.5	-	Δ5.5
		Total	1,052.6	995.4	1,044.3	1,020.0	Δ24.3
	Civil Engineering	Domestic	275.2	293.9	244.4	262.0	17.5
		Overseas	20.4	13.7	17.1	48.0	30.8
		Total	295.7	307.6	261.6	310.0	48.3
	Construction Total	Domestic	1,323.3	1,276.3	1,283.1	1,282.0	Δ1.1
		Overseas	25.0	26.7	22.7	48.0	25.2
			Total	1,348.3	1,303.1	1,305.9	1,330.0
Real Estate Business and Others			18.1	17.6	21.6	23.0	1.3
Total			1,366.5	1,320.7	1,327.5	1,353.0	25.4

(Consolidated Orders received)

Building Construction	1,613.7	1,331.2	1,469.2	1,440.0	Δ29.2
Civil Engineering	438.7	443.4	404.5	440.0	35.4
Real Estate Business and Others	92.7	105.4	85.1	85.0	Δ0.1
Total	2,145.2	1,880.1	1,958.8	1,965.0	6.1

Forecasts for Fiscal Year Ending March 31, 2020

— Investment Plan Plan



(Yen in billions)

	Result ① April 1, 2017 - March 31, 2018	Result ② April 1, 2018 - March 31, 2019	Forecast ③ April 1, 2019 - March 31, 2020	Total for 3 Years (①+②+③)	Medium-Term Business Plan 2017 Plan for FY2017-2021
R&D of Construction Technologies	19.1	22.3	20.0	61.5	100.0
Construction Machinery and Business Facilities	8.1	11.6	10.0	29.8	50.0
Real Estate Leasing Business	59.8	14.3	40.0	114.2	100.0
Renewable Energy Business, and Others	14.3	12.9	25.0	52.3	100.0
M&As and Others	25.5	0.9	5.0	31.6	50.0
Total	127.1	62.2	100.0	289.4	400.0

Status of Progress in Medium-Term Business Plan 2017

— Main Management Indicator Targets



	Result March 31, 2017 (Consolidated)	Result March 31, 2018 (Consolidated)	Result March 31, 2019 (Consolidated)	Medium-Term Business Plan 2017 March 31, 2022 Consolidated Balance Sheet
Equity	594.1 billion yen	684.8 billion yen	768.9 billion yen	900.0 billion yen
Retained Earnings	334.9 billion yen	404.8 billion yen	498.1 billion yen	700.0 billion yen
Equity Ratio	29.5%	32.2%	34.7%	40%
Net Interest-bearing Debt	78.7 billion yen	86.6 billion yen	103.5 billion yen	0 yen
Interest-bearing Debt	273.3 billion yen	276.7 billion yen	272.2 billion yen	250.0 billion yen
Cash and Deposits	194.5 billion yen	190.0 billion yen	168.6 billion yen	250.0 billion yen

	Result April 1, 2017 - March 31, 2018 (Consolidated)	Result April 1, 2018 - March 31, 2019 (Consolidated)	Forecast April 1, 2019 - March 31, 2020 (Consolidated)	Medium-Term Business Plan 2017 March 31, 2022 Consolidated Income Statement
Net Sales	1,900.6 billion yen	2,039.6 billion yen	2,030.0 billion yen	Around 2 trillion yen
Operating Income	137.8 billion yen	155.4 billion yen	150.0 billion yen	Around 150.0 billion yen
Profit attributable owners of parent	92.6 billion yen	113.1 billion yen	110.0 billion yen	Around 100.0 billion yen
Profit attributable owners of parent per share (EPS)	129.09 yen	157.65 yen	153.28 yen	Around 150 yen
Return on Equity (ROE) ※	14.5%	15.6%	13.6%	Over 10%

※The forecast for shareholders' equity as of March 31, 2020 was calculated by adding the forecast for the profit attributable to owners of parent of FY ending March 31, 2020 to the balance as of March 31, 2019 and subtracting the forecast for payment of interim dividends.

Initiatives Aimed at Realizing Our Vision for the Future



■ Shared Company-wide Initiatives

- Implement Rigorous Compliance
 - Promotion of management that places highest priority on compliance in all business operations
- Comprehensive safety management
 - New Safety, Quality & Environment Division established (on March 1)
- Pursuit of ESG management
 - New ESG & SDGs Promotion Division established (on January 1) and six ESG Priority Challenges selected.



Initiatives Aimed at Realizing Our Vision for the Future



■ Construction Business (Building Construction & Civil Engineering)

- Utilize open innovation to build next-generation production systems.
 - Invest in start-ups and venture capital to collect information on leading-edge technology and engage in joint development.

Accelerate work on innovative technology and introduce technology development to the market.

- Established the new Yumeshima Development Division (on April 1).
 - Mount a company-wide response to the EXPO 2025 OSAKA, KANSAI, JAPAN, integrated resort and infrastructure establishment, and other projects.

Strengthen initiatives in growth markets.

■ Real Estate Development Business

- Develop a large-scale complex in Block 53 of the Minato Mirai 21 central business district.
 - Construction will begin in December 2020 and is scheduled for completion in November 2023 (total floor space of approx. 180,000 m²).
- Thai Obayashi Corporation is developing a commercial high-rise office building for leasing.
 - Construction began in March 2019 and is scheduled for completion in December 2021 (total floor space of approx. 85,000 m²).

Strengthen and expand the real estate development business in Japan & overseas.



Initiatives Aimed at Realizing Our Vision for the Future



■ New Business

(In addition to the solar, biomass, and onshore wind power development thus far)

- Conducting a feasibility study on development of an offshore wind farm in the ocean off Akita Prefecture
- Pursuing the small hydroelectric power generation business in the city of Nikko, in Tochigi Prefecture
- Beginning construction on an experimental CO₂-free hydrogen manufacturing project using geothermal power in New Zealand



Promote renewable energy business and add new projects to the portfolio

■ Overseas Business

- Established the Asia-Pacific Regional Headquarters and North American Regional Headquarters (on April 1).
 - Pursue a comprehensive business strategy that includes four businesses (building construction, civil engineering, real estate development, and new businesses) and is formulated to the specific characteristics of the region.

Pursue greater globalization.

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) May 14, 2019 as a digest of Obayashi Corporation's "4th Quarter Financial Results (April 1 to March 31, 2019)" ("Kessan Tanshin" and "Kessan Setsumei Shiryo") disclosed at the Tokyo Stock Exchange on May 13, 2019, is presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" or "Kessan Setsumei Shiryo" and this presentation, Japanese "Kessan Tanshin" or "Kessan Setsumei Shiryo" 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 for numerical representations is billion yen unless otherwise specified.

