

Investor Presentation



**2nd Quarter Presentation on Financial Results
(April 1 to September 30, 2018)**

November 13, 2018

OBAYASHI CORPORATION

Financial Results for the Six Months Ended September 30, 2018



Consolidated Business Results

Results of Six Months Ended Sep. 30, 2018

Please look at the Consolidated Business Results in the top part on Page 1 of the 2nd Quarter Financial Results

<Consolidated Business Results>

Net Sales 937.1 billion yen +2.1% YoY

Operating Income 65.0 billion yen +4.3% YoY

Ordinary Income 69.7 billion yen +5.6% YoY

Profit attributable to
owners of parent 48.8 billion yen +0.9% YoY

→ New record highs achieved for the 5th consecutive period in each category.

<Dividends per Share>

Interim dividends [14 yen] + Year-end dividends [14 yen]

= Annual dividends [28 yen]

The dividend forecast has not been revised.

<Non-consolidated> Topics of Statements of Income

Please look at the Non-consolidated Financial Results (YoY Comparison) on the upper right part on Page 5 of the 2nd Quarter Financial Results

<Net Sales of Completed Construction Contracts>

<u>Total</u>	616.8 billion yen	(16.6) billion yen YoY
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Building Construction	481.8 billion yen	(15.2) billion yen YoY
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→The low degree of progress was due to the substantial amount of projects in the early work-in-progress stage, compared with the first half of last fiscal year.

Civil Engineering	134.9 billion yen	(1.4) billion yen YoY
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<Gross Profit on Completed Construction Contracts>

<u>Total</u>	79.8 billion yen	(2.1) billion yen YoY
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Building Construction	55.6 billion yen	(3.4) billion yen YoY
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Gross profit margin	11.6 %	(0.3) pt YoY
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→The profit margin was low because fewer large projects that make a substantial contribution to profits were completed during the period, compared with the first half of last fiscal year.

Civil Engineering	24.1 billion yen	+1.2 billion yen YoY
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Gross profit margin	17.9 %	+1.1pt YoY
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→The profit margin improved because additional contract revenue added to various construction projects for changes in design increased sales and costs were also reduced.

<Non-consolidated> Topics of Statements of Income

Please look at the Consolidated Net sales, Operating Income (YoY Comparison) in the top part on Page 8 of the 2nd Quarter Financial Results

Information on contributions from subsidiaries:

<Consolidated Net Sales>

Overseas Building Construction	207.8 billion yen	+27.6 billion yen YoY
→ Mainly: Webcor, LP	125.8 billion yen	+23.2 billion yen YoY

<Consolidated Operating Income>

Overseas Building Construction	3.2 billion yen	+1.9 billion yen YoY
→ Mainly: Thai Obayashi	2.4 billion yen	+0.7 billion yen YoY
Real Estate Business	4.9 billion yen	+1.4 billion yen YoY
→ Mainly: Obayashi-Shinseiwa	4.1 billion yen	+0.1 billion yen YoY

For reference: See Page 10 of 2nd Quarter Supplementary Data on Financial Results (April 1 to September 30, 2018) for the results of the main subsidiaries.

Interest-bearing Debt Balances

Please look at the Interest-bearing debt balances at the bottom part on Page 5 of the 2nd Quarter Financial Results

<Interest-bearing Debt Balances Total>

As of March 31, 2018 276.7 billion yen

As of September 30, 2018 271.9 billion yen

Change during the 1H ▲4.8 billion yen

- There has been no change in the forecast for the interest-bearing debt balance at fiscal year-end. (March 31, 2019 : 270 billion yen)
- The operating cash flow generated from the strong performance in the domestic construction business was used to continue the investments detailed in Medium-Term Business Plan 2017.

Orders Received

Please look at the consolidated business results at the bottom part on Page 6 of 2nd Quarter Financial Results

<Non-consolidated>

Building Construction	429.3 billion yen	(0.6) billion yen YoY
Civil Engineering	101.1 billion yen	(58.8) billion yen YoY
Construction Total	530.5 billion yen	(59.4) billion yen YoY

- The main reason for the decline in civil engineering was slippage into the second half.
- There has been no change in the forecast for the full year.
(Building construction:980.0 billion yen, Civil engineering:310.0 billion yen)

Forecasts for Fiscal Year Ending March 31, 2019



Forecasts for Fiscal Year Ending March 31, 2019 — Consolidated Statements of Income



(Yen in billions)

	Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018 A	Fiscal Year Ending March 31, 2019			Y o Y Comparison B - A
			April 1, 2018 - September 30, 2018		Forecast April 1, 2018 - March 31, 2019 B ※	
			Forecast Announced on August 7, 2018	Result		
Net Sales	1,872.7	1,900.6	960.0	937.1	1,970.0	69.3
Non-consolidated	1,304.0	1,294.0	649.0	625.5	1,330.0	35.9
Gross Profit	224.9	234.3	112.0	111.9	236.0	1.6
Selling, General and Administrative Expense	91.1	96.5	47.0	46.9	97.0	0.4
Operating Income (Operating Income margin)	133.7 7.1%	137.8 7.3%	65.0 6.8%	65.0 6.9%	139.0 7.1%	1.1
Non-consolidated	108.2 8.3%	109.7 8.5%	53.0 8.2%	50.0 8.0%	111.0 8.3%	1.2
Ordinary Income	140.1	143.9	68.0	69.7	144.5	0.5
Profit attributable to owners of parent	94.5	92.6	46.0	48.8	98.0	5.3

※ There have been no revisions to the forecasts for the full year.

Forecasts for Fiscal Year Ending March 31, 2019 — Net Sales, Operating Income



(Yen in billions)

			Result April 1, 2017 - March 31, 2018 A		Fiscal Year Ending March 31, 2019								Y o Y Comparison B - A			
					April 1, 2018- September 30, 2018				Forecast							
					Forecast Announced on August 7, 2018		Result		April 1, 2018 - March 31, 2019 B							
					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%	505.0	38.5	7.6%	495.1	37.1	7.5%	1,059.0	84.5	8.0%	44.6	0.5
		Overseas	383.9	2.9	0.8%	204.0	3.5	1.7%	207.8	3.2	1.6%	394.0	5.5	1.4%	10.0	2.5
		Subtotal	1,398.3	86.9	6.2%	709.0	42.0	5.9%	702.9	40.4	5.7%	1,453.0	90.0	6.2%	54.6	3.0
	Civil Engineering	Domestic	346.1	38.2	11.1%	174.0	17.0	9.8%	162.6	17.3	10.7%	350.0	35.5	10.1%	3.8	△2.7
		Overseas	76.4	1.4	1.9%	32.0	—	—	27.4	0.7	2.8%	70.0	0.5	0.7%	△6.4	△0.9
		Subtotal	422.5	39.7	9.4%	206.0	17.0	8.3%	190.0	18.1	9.6%	420.0	36.0	8.6%	△2.5	△3.7
	Construction Total	Domestic	1,360.4	122.2	9.0%	679.0	55.5	8.2%	657.7	54.5	8.3%	1,409.0	120.0	8.5%	48.5	△2.2
		Overseas	460.4	4.4	1.0%	236.0	3.5	1.5%	235.2	4.0	1.7%	464.0	6.0	1.3%	3.5	1.5
		Subtotal	1,820.9	126.6	7.0%	915.0	59.0	6.4%	893.0	58.5	6.6%	1,873.0	126.0	6.7%	52.0	△0.6
Real Estate Business			44.5	8.6	19.3%	18.0	4.5	25.0%	18.6	4.9	26.7%	51.5	10.0	19.4%	6.9	1.3
New Businesses and Other			35.1	2.5	7.3%	27.0	1.5	5.6%	25.4	1.4	5.8%	45.5	3.0	6.6%	10.3	0.4
Total			1,900.6	137.8	7.3%	960.0	65.0	6.8%	937.1	65.0	6.9%	1,970.0	139.0	7.1%	69.3	1.1

※ There have been no revisions to the forecasts for the full year.

Forecasts for Fiscal Year Ending March 31, 2019 — Non-consolidated Statements of Income



(Yen in billions)

	Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018 A	Fiscal Year Ending March 31, 2019						Y o Y Comparison B - A			
			April 1, 2018- September 30, 2018			Forecast						
			Forecast Announced on August 7, 2018	Result	Forecast April 1, 2018 - March 31, 2019 B ※							
Net Sales of Completed Construction Contracts	Building	991.5	988.9	488.0	481.8	1,020.0				31.0		
	Civil	294.3	287.4	152.0	134.9	290.0				2.5		
	Total	1,285.8	1,276.4	640.0	616.8	1,310.0				33.5		
Net Sales of Real Estate Business and Other	18.1	17.6	9.0	8.7	20.0				2.3			
Net Sales	1,304.0	1,294.0	649.0	625.5	1,330.0				35.9			
Gross Profit on Completed Construction Contracts	Building	119.4	124.4	60.0	55.6	127.0	12.0%	12.6%	12.3%	11.6%	12.5%	2.5
	Civil	47.2	49.4	24.0	24.1	47.0	16.1%	17.2%	15.8%	17.9%	16.2%	△2.4
	Total	166.7	173.9	84.0	79.8	174.0	13.0%	13.6%	13.1%	12.9%	13.3%	0.0
Gross Profit on Real Estate Business and Other	5.1	3.0	2.0	2.3	5.0	28.3%	17.1%	22.2%	26.7%	25.0%	1.9	
Gross Profit	171.8	176.9	86.0	82.1	179.0	13.2%	13.7%	13.3%	13.1%	13.5%	2.0	
Selling, General and Administrative Expenses	63.6	67.2	33.0	32.0	68.0	4.9%	5.2%	5.1%	5.1%	5.2%	0.7	
Operating Income	108.2	109.7	53.0	50.0	111.0	8.3%	8.5%	8.2%	8.0%	8.3%	1.2	
Ordinary Income	116.5	117.8	59.0	59.3	121.0	8.9%	9.1%	9.1%	9.5%	9.1%	3.1	
Profit	84.1	80.6	41.0	43.4	84.0	6.5%	6.2%	6.3%	6.9%	6.3%	3.3	

※ There have been no revisions to the forecasts for the full year.

Forecasts for Fiscal Year Ending March 31, 2019 — Orders Received



(Non-consolidated Orders received)

(Yen in billions)

			Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018 A	Fiscal Year Ending March 31, 2019		Y o Y Comparison B - A	
					April 1, 2018- September 30, 2018			Forecast April 1, 2018 - March 31, 2019 B ※
					Forecast Announced on August 7, 2018	Result		
Construction Business	Building Construction	Domestic	1,048.1	982.3	430.0	425.8	980.0	△2.3
		Overseas	4.5	13.0	—	3.5	—	△13.0
		Total	1,052.6	995.4	430.0	429.3	980.0	△15.4
	Civil Engineering	Domestic	275.2	293.9	140.0	94.1	270.0	△23.9
		Overseas	20.4	13.7	20.0	7.0	40.0	26.2
		Total	295.7	307.6	160.0	101.1	310.0	2.3
	Construction Total	Domestic	1,323.3	1,276.3	570.0	519.9	1,250.0	△26.3
		Overseas	25.0	26.7	20.0	10.5	40.0	13.2
		Total	1,348.3	1,303.1	590.0	530.5	1,290.0	△13.1
Real Estate Business and Others			18.1	17.6	10.0	9.1	20.0	2.3
Total			1,366.5	1,320.7	600.0	539.7	1,310.0	△10.7
(Consolidated Orders received)								
Building Construction			1,613.7	1,331.2	670.0	668.7	1,390.0	58.7
Civil Engineering			438.7	443.4	230.0	167.0	455.0	11.5
Real Estate Business and Others			92.7	105.4	40.0	39.9	85.0	△20.4
Total			2,145.2	1,880.1	940.0	875.7	1,930.0	49.8

※ There have been no revisions to the forecasts for the full year.

Forecasts for Fiscal Year Ending March 31, 2019 — Capital Expenditure Plan



(Yen in billions)

	Result April 1, 2017 - March 31, 2018 A	Fiscal Year Ending March 31, 2019		Medium-Term Business Plan 2017	
		Result April 1, 2018 - September 30, 2018	Forecast April 1, 2018 - March 31, 2019 B	Average per year	Plan for FY2017–FY2021
R&D of Construction Technologies	19.1	10.5	25.0	20.0	100.0
Construction Machinery and Business Facilities	8.1	7.0	15.0	10.0	50.0
Real Estate Leasing Business	59.8	11.2	20.0	20.0	100.0
Renewable Energy Business, and Others	14.3	7.6	15.0	20.0	100.0
M&As and Others	25.5	0.3	5.0	10.0	50.0
Total	127.1	36.7	80.0	80.0	400.0

Status of Progress in Medium-Term Business Plan 2017 (Main Management Strategy)



	Result March 31, 2018 (Consolidated)	Result September 30, 2018 (Consolidated)	Medium-Term Business Plan 2017 March 31, 2022 Consolidated Balance Sheet
Equity	684.8 billion yen	731.8 billion yen	900.0 billion yen
Retained Earnings	404.8 billion yen	443.6 billion yen	700.0 billion yen
Equity Ratio	32.2%	34.2%	40%
Net Interest-bearing Debt	86.6 billion yen	104.8 billion yen	0 yen
Interest-bearing Debt	276.7 billion yen	271.9 billion yen	250.0 billion yen
Cash and Deposits	190.0 billion yen	167.0 billion yen	250.0 billion yen

	Result April 1, 2017 - March 31, 2018 (Consolidated)	Forecast April 1, 2018 - March 31, 2019 (Consolidated)	Medium-Term Business Plan 2017 March 31, 2022 Consolidated Income Statement
Net Sales	1,900.6 billion yen	1,970.0 billion yen	Around 2 trillion yen
Operating Income	137.8 billion yen	139.0 billion yen	Around 150.0 billion yen
Profit attributable owners of parent	92.6 billion yen	98.0 billion yen	Around 100.0 billion yen
Profit attributable owners of parent per share (EPS)	129.09 yen	136.51 yen	Around 150 yen
Return on Equity (ROE) ※	14.5%	13.5%	Over 10%

※The forecast for shareholders' equity as of March 31, 2019 was calculated by adding the forecast for second-half profit attributable to owners of parent to the results for the first half and subtracting the forecast for payment of interim dividends.

Initiatives Aimed at Realizing Our Vision for the Future



■ Construction Business

- Development of a next-generation Automated Quality Inspection System
 - We opened a satellite office in California's Silicon Valley in the U.S. and jointly developed the system with SRI International of the U.S.
 - We anticipate that the introduction of this system will prevent human errors and improve productivity in rebar layout inspection work by 25% or more
- Development of a Self-Propelled Robot for Inspecting Boreholes
 - This robot uses imaging to confirm the state of the ground inside boreholes during tunnel boring surveys



Pursuing Improvements in Productivity and Workstyle Reform through Technological Innovation

- Expansion of business in Oceania
 - Construction is underway on Parramatta Square, a large-scale office building we are building in Australia through our joint venture with Built Pty Ltd.



Pursuing further Globalization

Initiatives Aimed at Realizing Our Vision for the Future



■ Real Estate Development Business

- Expanded large-scale real estate investment in Central Tokyo
 - We have completed NIPPON LIFE HAMAMATSUCHO CREA TOWER and SHINTORA-DORI CORE
- Currently performing major renovation of Bracken House, a rental office building we own in London
- Thai Obayashi working on plans for a high-rise office building for commercial rental

***Strengthening and Expanding
the Real Estate Development Business in Japan and Abroad***



■ New Businesses

- Built Japan's first self-elevating platform (SEP) for constructing a large-scale offshore wind farm
 - Using funds procured through Green bonds (environmental bonds)
 - Scheduled for completion in October 2020
- Developed the Wind Lift construction method for assembling large wind turbine (Awarded the JICE 20th Infrastructure Technology Development Award, Excellence Award and two other awards)
 - Using the Wind Lift method to assemble wind turbine components makes the use of a giant crane unnecessary

Pursuing Offshore Wind Power Generation and Other Renewable Energy Businesses



Initiatives Aimed at Realizing Our Vision for the Future



Future Initiatives

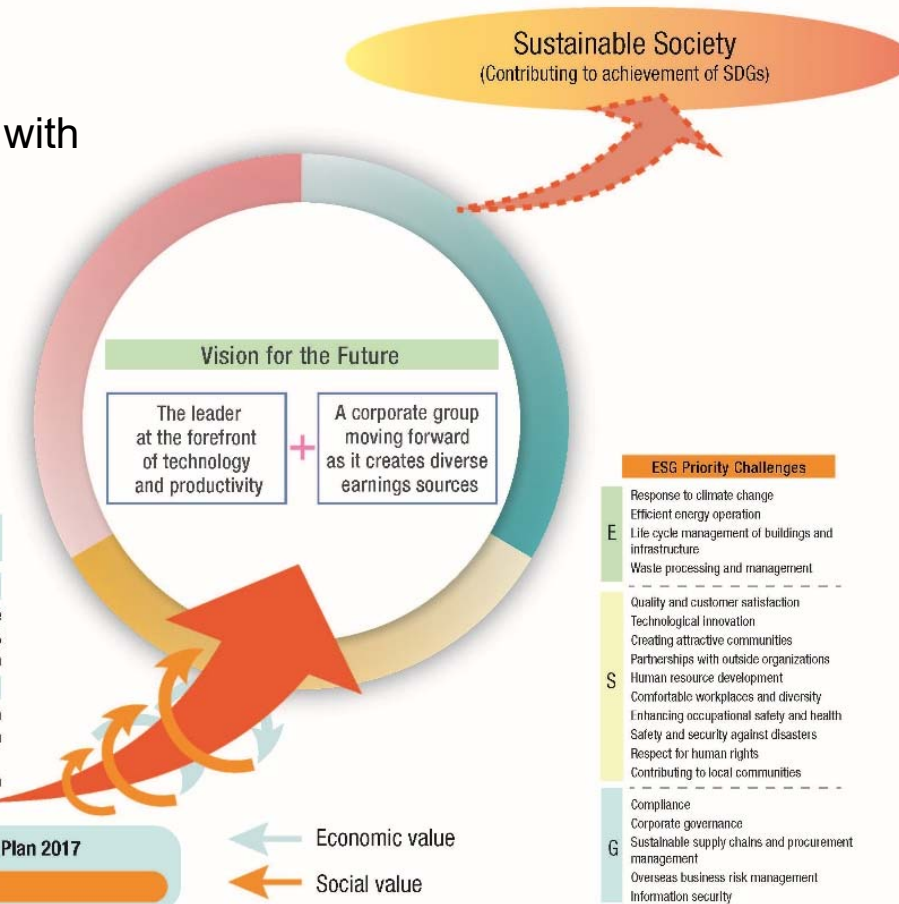
(1) Strengthening the foundations of management with ESG management at the core

- Pursue ESG management aimed at sustainable development of the entire Obayashi Group
- Work to develop technology and establish information infrastructure targeted at growth of our four businesses and the group as a whole
 - Establish a division that will be responsible for comprehensive planning and promotion of group management strategy from the perspective of ESG

(2) Globalization, deepening and expanding business domains

- Pursue further globalization of our four businesses
- Strengthen the engineering business
- Work to develop machinery and technology that utilizes ICT, AI, and IoT to develop new revenue sources for the machinery segment
 - Undertake organizational restructuring of the overseas, engineering, and the machinery segments

Medium-Term Business Plan 2017 Main Management Indicator Targets	
FY2022.3 Consolidated Balance Sheet	
Equity	900.0 billion yen or more
Equity ratio	40%
Net interest-bearing debt	0 yen
FY2022.3 Consolidated Income Statement	
Net sales	Around 2 trillion yen
Operating income	Around 150.0 billion yen
Profit attributable to owners of parent	Around 100.0 billion yen



- ESG Priority Challenges**
- E**
 - Response to climate change
 - Efficient energy operation
 - Life cycle management of buildings and infrastructure
 - Waste processing and management
 - S**
 - Quality and customer satisfaction
 - Technological innovation
 - Creating attractive communities
 - Partnerships with outside organizations
 - Human resource development
 - Comfortable workplaces and diversity
 - Enhancing occupational safety and health
 - Safety and security against disasters
 - Respect for human rights
 - Contributing to local communities
 - G**
 - Compliance
 - Corporate governance
 - Sustainable supply chains and procurement management
 - Overseas business risk management
 - Information security



Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on November 13, 2018 as a digest of Obayashi Corporation's "2nd Quarter Financial Results (April 1 to September 30, 2018)" ("Kessan Tanshin" and "Kessan Setsumei Shiryo") disclosed at the Tokyo Stock Exchange on November 12, 2018, 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.

