

**Investor Presentation**



**Financial Results for FY2015  
and  
Forecasts for FY2016**

**May 13, 2016**

**OBAYASHI CORPORATION**

## Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on May 13, 2016 as a digest of Obayashi Corporation's "Summary of the Financial Results for FY2015 ended March 2016" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on May 12, 2016, 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 FY2015 and Forecasts for FY2016

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## 1 Overview of Financial Results for FY2015 (in comparison with FY2014 results)

(1) Non-consolidated results

(2) Consolidated results

Refer to upper table of the quick review of consolidated and non-consolidated FY2015 results on page 16 of “Summary of the Financial Results for FY2015 ended March 2016”.

**1 Overview of Financial Results for FY2015  
(in comparison with FY2014 results)**

**(3) Non-consolidated results of orders received**

Refer to middle table of the quick review of consolidated and non-consolidated FY2015 results on page 16.

**1 Overview of Financial Results for FY2015  
(in comparison with FY2014 results)**

**(4)Results of interest-bearing debt (non-consolidated)**

**Refer to below table of the quick review of consolidated and non-consolidated FY2015 results on page 16.**

## **2 Breakdown of each Segment of Financial Results for FY2015 (in comparison with FY2014 results)**

**(1) Non-consolidated results of net sales**

**(2) Non-consolidated results of gross profit**

**Refer to below table of the quick review of consolidated and non-consolidated FY2015 results on page 20.**

# Forecasts for FY2016

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# | Business Environment |

## Domestic Construction Investment (nominal) Forecasts for FY2016

Construction Investment (nominal)

**¥49.6 Trillion**

Private Construction Investment

**¥29.1 Trillion**

Including:

Private non-residential building Investment

¥9.0 Trillion

Private civil engineering Investment

¥4.7 Trillion

Public Construction Investment

**¥20.5 Trillion**

Private non-residential construction investment increased by 0.4% compared to FY2015 (¥13.6Trillion)

(Unit : Trillion yen)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015			FY2016		
	(Result)	(Result)	(Result)	(Tentative)	(Tentative)	(Forecasts)	Increase (Decrease)	Rate of change	(Forecasts)	Increase (Decrease)	Rate of change
Construction Investment (nominal)	41.93	43.29	45.29	51.29	51.30	50.01	△ 1.29	△ 2.5%	49.61	△ 0.40	△ 0.8%
Private Construction Investment	23.95	24.68	25.57	28.74	27.80	28.54	0.74	2.7%	29.12	0.58	2.0%
Private residential building	12.98	13.38	14.09	15.79	14.56	14.96	0.40	2.7%	15.48	0.52	3.5%
Private non-residential building	6.91	6.96	7.24	8.42	8.63	8.96	0.33	3.8%	8.99	0.03	0.3%
Private civil engineering	4.06	4.34	4.24	4.53	4.61	4.62	0.01	0.2%	4.65	0.03	0.6%
Public Construction Investment	17.98	18.61	19.72	22.55	23.50	21.47	△ 2.03	△ 8.6%	20.49	△ 0.98	△ 4.6%
Public building construction	2.21	2.14	2.18	2.86	2.67	2.67	-	-	2.54	△ 0.13	△ 4.9%
Public civil engineering	15.77	16.47	17.54	19.69	20.83	18.80	△ 2.03	△ 9.7%	17.95	△ 0.85	△ 4.5%

Private non-residential building orders will still be in favorable condition. Orders received by **Manufacturer** year on year rate increased by 51 %, mainly on electric machinery and food.

※Research institute of Construction and Economy "Quarterly Outlook of Construction and Macro Economy" (Released in April, 2016)

# | Forecasts for FY2016 (Non-consolidated) |

(Unit : 100 million yen)

		FY2013	FY2014	FY2015	FY2016	Variance
		Result	Result	Result A	Forecasts B	B – A
Net Sales of completed construction contracts	Building	9,157	9,586	9,084	10,100	1,015
	Civil	2,703	2,679	2,979	3,050	70
	Total	11,860	12,265	12,063	13,150	1,086
Net Sales of real estate business and other		225	332	287	150	△137
<b>Net Sales</b>		<b>12,086</b>	<b>12,598</b>	<b>12,350</b>	<b>13,300</b>	<b>949</b>
Gross Profit on completed construction contracts	Building	393	421	856	905	48
	Civil	167	244	451	350	△101
	Total	560	665	1,307	1,255	△52
Gross Profit on real estate business and other		47	106	63	60	△3
<b>Gross Profit</b>		<b>608</b>	<b>772</b>	<b>1,371</b>	<b>1,315</b>	<b>△56</b>
Selling, general and administrative expense		581	582	607	630	22
<b>Operating Income</b>		<b>27</b>	<b>189</b>	<b>763</b>	<b>685</b>	<b>△78</b>
<b>Ordinary Income</b>		<b>113</b>	<b>311</b>	<b>828</b>	<b>750</b>	<b>△78</b>
<b>Profit</b>		<b>76</b>	<b>129</b>	<b>507</b>	<b>570</b>	<b>62</b>

# | Forecasts for FY2016 (Consolidated) |

(Unit : 100 million yen)

	FY2013		FY2014		FY2015		FY2016		Variance
	Result		Result		Result A		Forecasts B		B - A
Net Sales	Conso.	16,127	Conso.	17,739	Conso.	17,778	Conso.	19,150	1,371
	Non-conso.	12,086	Non-conso.	12,598	Non-conso.	12,350	Non-conso.	13,300	949
Construction		15,210		16,730		16,957		18,400	1,442
Domestic		80%		76%		76%		75%	—
Overseas		20%		24%		24%		25%	—
Real estate development business		516		638		470		445	△25
New businesses		400		370		236		220	△16
Others						113		85	△28
Operating Income (Operating profit margin)	Conso.	319 (2.0%)	Conso.	483 (2.7%)	Conso.	1,063 (6.0%)	Conso.	950 (5.0%)	△113
	Non-conso.	27 (0.2%)	Non-conso.	189 (1.5%)	Non-conso.	763 (6.2%)	Non-conso.	685 (5.2%)	△78
Domestic construction		52%		58%		83%		83%	—
Other than above (overseas construction, real estate development, new businesses)		48%		42%		17%		17%	—
Ordinary Income		401		599		1,112		985	△127
Profit attributable to owners of parent		216		286		634		630	△4
ROE		5.4%		6.2%		12.4%		11.7%	—



# I Dividends I

Dividends per  
Share  
(FY2015)

**18 yen / Share**

Annual Dividend : Increase by 8 yen  
(A dividend payout ratio : 20.4 %)

- The annual dividend on shares for the FY2015 will be 18 yen per share, including the interim dividend of 5 yen per share, therefore the year ended dividend will be 13 yen per share.
- This matter will be formally decided and executed upon resolution of the 112th ordinary general meeting of shareholders scheduled in coming June.

(Unit : 100 million yen)

		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016 Forecasts
Performance (Consolidated)	Net Sales	11,318	12,457	14,483	16,127	17,739	17,778	19,150
	Operating Income	231	311	351	319	483	1,063	950
	Ordinary Income	222	352	446	401	599	1,112	985
	Profit attributable to owners of parent	154	51	131	216	286	634	630
	Profit attributable to owners of parent per share (unit: yen)	21.46	7.16	18.37	30.11	39.96	<b>88.36</b>	87.77
Dividends	Dividends per share (unit: yen)	8	8	8	8	10	<b>18</b>	18
	Consolidated Dividends Payout Ratio (%)	37.3	111.7	43.5	26.6	25.0	<b>20.4</b>	20.5

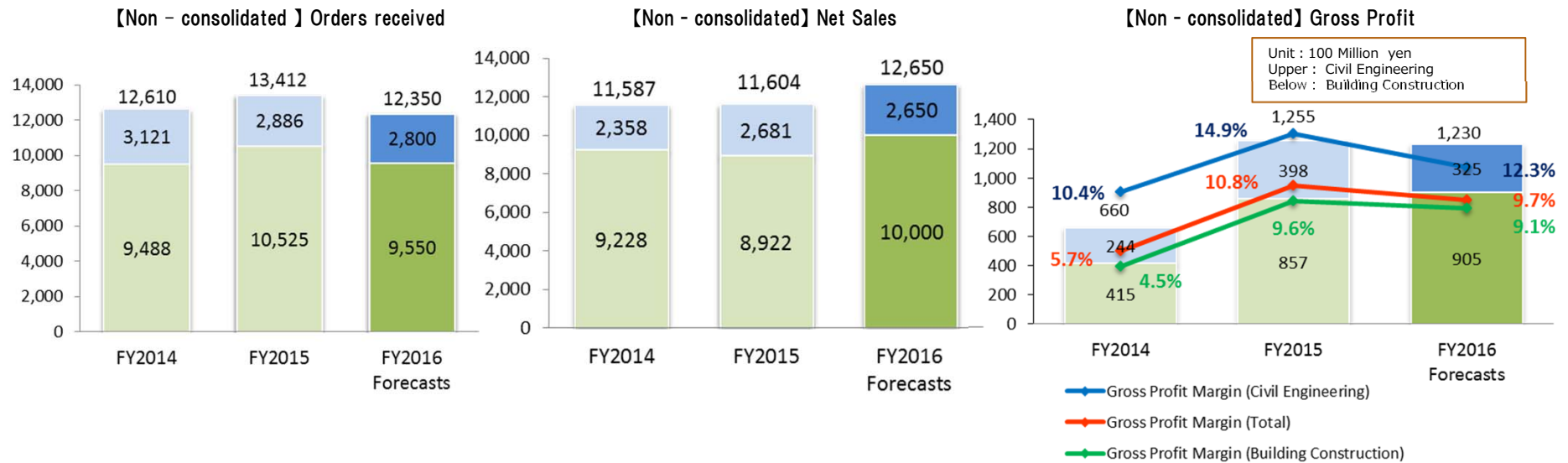
## 【Basic policy regarding the allocation of profits and dividend payout plan】

The Company's profit allocation policy is to sustain stable dividend payouts to its shareholders over the long term and provide shareholders with returns commensurate with the Group's performance, taking into account the need to enhance internal reserves so as to further strengthen its financial base, develop technologies and make capital investments for the future.

In line with its commitment to stable dividend payouts to shareholders, the Company will endeavor to maintain a dividend payout ratio of 20% to 30%.

## Domestic Construction Business

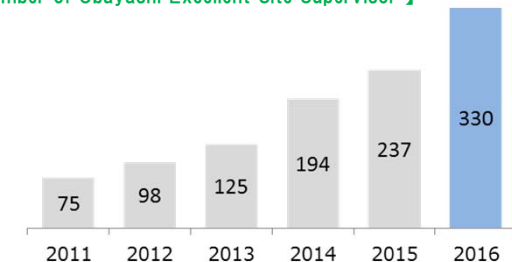
- Ongoing favorable business environment, expecting high profit level.
- Continue working on sales activities, considering production capacity and profitability.
- Improving productivity by nurturing skilled construction workers and by technology.



## ◇Nurturing skilled construction workers

- Expanding [Obayashi Excellent Site Supervisor Certification Program](#) by newly setting up junior course for supervisors under the age of 40. 330 certified supervisors in April, 2016.
- Newly setting up [Obayashi Excellent Operator Certification Program](#) which certifies particularly exceptional crane operators and raises the pay.
- Newly setting up [Obayashi Rin-yu-kai Vocational Training School course](#) for mid-level skilled construction workers, increasing the number of applicable workers.

【 Number of Obayashi Excellent Site Supervisor 】



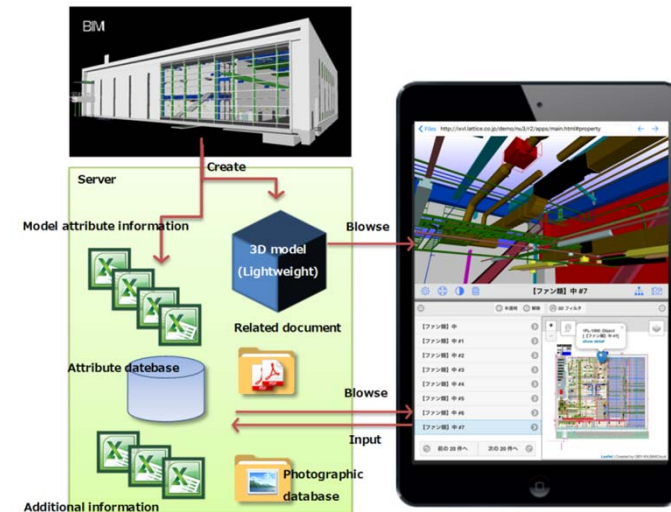
## Technology

### ◇ Technological development to improve productivity

- Creating ICT infrastructure for “ Smart BIM® Cloud ”, and Developing technology such as “ BIMobile® ” for consistent use for planning, for producing, and for maintenance.
- Developing “ Full precast construction method for railway viaducts ”, realizing labor-saving and short construction period applying for ※1 LRV method.
- “ External Wall Inspection System ”, “ Low Flatbed AGV ” Enhancing productivity utilizing ICT and automation technology.

※1 LRV : Left, Right, and Vertical

※2 AGV : Automated Guided Vehicle



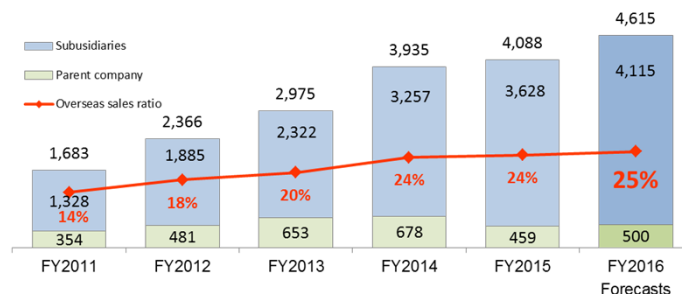
## Overseas Construction Business

### ◇ Increase overseas net sales rate in total construction business up to 25%

- Increasing overseas net sales in North America and Southeast Asia.
- Improving profit by thoroughly managing profitability and risks.

【 The construction of Kanchpur, Meghna, Gumuti 2nd bridges and rehabilitation of existing bridges 】

【 Consolidated 】 Overseas Construction business Net Sales(Unit : 100 million yen)



Location : Bangladesh, Dhaka area  
 Organization of joint venture : OBAYASHI CORPORATION, SHIMIZU CORPORATION, JFE Engineering Corporation, IHI Infrastructure Systems Co., Ltd.

## Real Estate Development Business

### ◇ Enhancing the earnings base by making further investment in office building leasing business

- Promoting new investment mainly in the central Tokyo metropolitan area.
  - “o a k m e g u r o” (March,2016)
- Enhancing competitiveness and profitability of landholdings.
  - Renovating existing buildings and implementing BCP upgrades.

### ◇ Diversifying portfolio for leasing business

- Advancing development of rental housing and logistics facilities.
  - “Komaki Logistics Center” (September,2015)



  
oak meguro

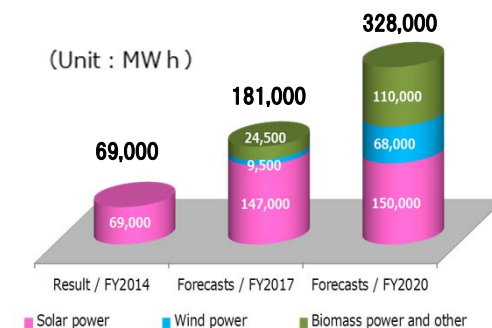
Location : Kamiosaki, Shinagawa City, Tokyo  
Scale : rise 10 stories above the ground and 2 underground stories  
Total floor area : 23,100.04㎡

## New Businesses

### ◇ Expanding new businesses mainly focusing on renewable energy

- Advancing the projects steadily.
  - Woodchip biomass power generation(in Otsuki City, Yamanashi Prefecture) planning to start operation in the fiscal year 2018.
  - Onshore wind farming (in Mitane town, Akita prefecture) planning to start operation in the fiscal year 2017.
  - All of other projects will start operation by the fiscal year 2017 (total 128 MW output including 83 MW already generated).
- Starting environmental assessment relating to Akita offshore wind farming.
- Launching a plant factory business utilizing our own technologies such as environmental control technology and know-how.

### 【Generation of renewable energy】





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