



2nd Quarter : Presentation on Financial Results (April 1 to September 30, 2020)

November 10, 2020

OBAYASHI CORPORATION

Financial Results for the Six Months Ended September 30, 2020



OBYASHI

Forecasts for Fiscal Year Ending March 31, 2020



OBUYASHI

Forecasts for Fiscal Year Ending March 3, 2021 - Consolidated Statements of Income



(Yen in billions)

	Result April 1, 2018 - March 31, 2019	Result April 1, 2019 - March 31, 2020 A	Fiscal Year Ending March 31, 2021		Y o Y Comparison B - A
			Result April 1, 2020 - September 30, 2020	Forecast April 1, 2020 - March 31, 2021 B ※	
Net Sales	2,039.6	2,073.0	852.6	1,860.0	(213.0)
Non-consolidated	1,398.2	1,416.3	577.8	1,284.0	(132.3)
Gross Profit	254.0	255.5	103.6	224.0	(31.5)
Selling, General and Administrative Expense	98.5	102.6	48.8	105.0	2.3
Operating Income (Operating Income margin)	155.4 7.6%	152.8 7.4%	54.8 6.4%	119.0 6.4%	(33.8)
Non-consolidated	123.2 8.8%	113.0 8.0%	41.0 7.1%	90.0 7.0%	(23.0)
Ordinary Income	163.0	159.0	57.1	126.0	(33.0)
Profit attributable to owners of parent	113.1	113.0	47.1	94.0	(19.0)

※ There have been no revisions to the forecasts previously announced on August 3, 2020.

Forecasts for Fiscal Year Ending March 3, 2021 - By Reportable Segments



(Yen in billions)

			Result April 1, 2019 - March 31, 2020 A			Fiscal Year Ending March 31, 2021						Y o Y Comparison B - A	
						Result April 1, 2020 - September 30, 2020			Forecast April 1, 2020 - March 31, 2021 B				
			Net Sales	Operating Income		Net Sales	Operating Income		Net Sales	Operating Income		Net Sales	Operating Income
Construction Business	Building Construction	Domestic	1,138.9	82.6	7.3%	455.7	26.2	5.8%	1,015.0	65.0	6.4%	(123.9)	(17.6)
		Overseas	398.5	10.7	2.7%	164.8	2.4	1.5%	313.0	1.5	0.5%	(85.5)	(9.2)
		Subtotal	1,537.4	93.4	6.1%	620.6	28.7	4.6%	1,328.0	66.5	5.0%	(209.4)	(26.9)
	Civil Engineering	Domestic	342.7	39.6	11.6%	155.8	19.1	12.3%	351.0	37.5	10.7%	8.2	(2.1)
		Overseas	72.2	4.2	5.8%	32.3	(0.4)	(1.5)%	83.0	-	0.0%	10.7	(4.2)
		Subtotal	414.9	43.8	10.6%	188.1	18.6	9.9%	434.0	37.5	8.6%	19.0	(6.3)
	Construction Total	Domestic	1,481.6	122.2	8.3%	611.5	45.4	7.4%	1,366.0	102.5	7.5%	(115.6)	(19.7)
		Overseas	470.7	14.9	3.2%	197.1	1.9	1.0%	396.0	1.5	0.4%	(74.7)	(13.4)
		Subtotal	1,952.4	137.2	7.0%	808.7	47.4	5.9%	1,762.0	104.0	5.9%	(190.4)	(33.2)
Real Estate Business			55.0	13.2	24.1%	21.9	5.8	26.6%	49.0	12.0	24.5%	(6.0)	(1.2)
New Businesses and Other			65.5	2.3	3.6%	21.9	1.6	7.3%	49.0	3.0	6.1%	(16.5)	0.6
Total			2,073.0	152.8	7.4%	852.6	54.8	6.4%	1,860.0	119.0	6.4%	(213.0)	(33.8)

※ There have been no revisions to the forecasts previously announced on August 3, 2020.

Forecasts for Fiscal Year Ending March 3, 2021

- Non-consolidated Statements of Income



(Yen in billions)

		Result April 1, 2018 - March 31, 2019		Result April 1, 2019 - March 31, 2020 A		Fiscal Year Ending March 31, 2021				Y o Y Comparison B - A
						Result April 1, 2020 - September 30, 2020		Forecast April 1, 2020 - March 31, 2021 B ※		
Net Sales of Completed Construction Contracts	Building	1,085.2		1,111.8		437.9		975.0		(136.8)
	Civil	291.4		280.9		129.5		288.0		7.0
	Total	1,376.6		1,392.8		567.4		1,263.0		(129.8)
Net Sales of Real Estate Business and Other		21.5		23.5		10.3		21.0		(2.5)
Net Sales		1,398.2		1,416.3		577.8		1,284.0		(132.3)
Gross Profit on Completed Construction Contracts	Building	132.6	12.2%	124.0	11.2%	46.6	10.7%	108.0	11.1%	(16.0)
	Civil	52.7	18.1%	55.2	19.7%	25.7	19.9%	51.0	17.7%	(4.2)
	Total	185.3	13.5%	179.3	12.9%	72.4	12.8%	159.0	12.6%	(20.3)
Gross Profit on Real Estate Business and Other		5.3	24.7%	4.7	20.1%	2.6	25.2%	5.0	23.8%	0.2
Gross Profit		190.6	13.6%	184.1	13.0%	75.0	13.0%	164.0	12.8%	(20.1)
Selling, General and Administrative Expenses		67.3	4.8%	71.0	5.0%	34.0	5.9%	74.0	5.8%	2.9
Operating Income		123.2	8.8%	113.0	8.0%	41.0	7.1%	90.0	7.0%	(23.0)
Ordinary Income		135.7	9.7%	121.6	8.6%	47.4	8.2%	101.0	7.9%	(20.6)
Profit		98.4	7.0%	88.4	6.2%	39.6	6.9%	78.0	6.1%	(10.4)

※ There have been no revisions to the forecasts previously announced on August 3, 2020.

Forecasts for Fiscal Year Ending March 3, 2021 - Orders Received



(Non-consolidated Orders received)

(Yen in billions)

			Result April 1, 2018 - March 31, 2019	Result April 1, 2019 - March 31, 2020 A	Fiscal Year Ending March 31, 2021		Y o Y Comparison B-A
					Result April 1, 2020 - September 30, 2020	Forecast April 1, 2020 - March 31, 2021 B ※	
Construction Business	Building Construction	Domestic	1,038.7	1,193.4	301.8	1,150.0	(43.4)
		Overseas	5.5	12.1	1.6	5.0	(7.1)
		Total	1,044.3	1,205.6	303.5	1,155.0	(50.6)
	Civil Engineering	Domestic	244.4	247.3	125.0	298.0	50.6
		Overseas	17.1	79.5	0.7	32.0	(47.5)
		Total	261.6	326.8	125.7	330.0	3.1
	Construction Total	Domestic	1,283.1	1,440.7	426.8	1,448.0	7.2
		Overseas	22.7	91.6	2.4	37.0	(54.6)
		Total	1,305.9	1,532.4	429.3	1,485.0	(47.4)
Real Estate Business and Others			21.6	23.4	10.3	21.0	(2.4)
Total			1,327.5	1,555.9	439.6	1,506.0	(49.9)

(Consolidated Orders received)

Building Construction	1,469.2	1,677.0	467.2	1,535.0	(142.0)
Civil Engineering	404.5	472.7	174.3	460.0	(12.7)
Real Estate Business and Others	85.1	90.2	42.9	85.0	(5.2)
Total	1,958.8	2,240.0	684.5	2,080.0	(160.0)

※ There have been no revisions to the forecasts previously announced on August 3, 2020.

Forecasts for Fiscal Year Ending March 3, 2021 - Main Management Indicator Targets



(Consolidated)

	Result March 31, 2017	Result March 31, 2018	Result March 31, 2019	Result March 31, 2020	Result September 30, 2020
Equity	594.1 billion yen	684.8 billion yen	768.9 billion yen	817.8 billion yen	853.0 billion yen
Retained Earnings	334.9 billion yen	404.8 billion yen	498.1 billion yen	587.0 billion yen	621.0 billion yen
Equity Ratio	29.5%	32.2%	34.7%	36.7%	39.5%
Net Interest-bearing Debt	78.7 billion yen	86.6 billion yen	103.5 billion yen	(66.4) billion yen	30.8 billion yen
Interest-bearing Debt	273.3 billion yen	276.7 billion yen	272.2 billion yen	248.5 billion yen	272.4 billion yen
Cash and Deposits	194.5 billion yen	190.0 billion yen	168.6 billion yen	315.0 billion yen	241.5 billion yen

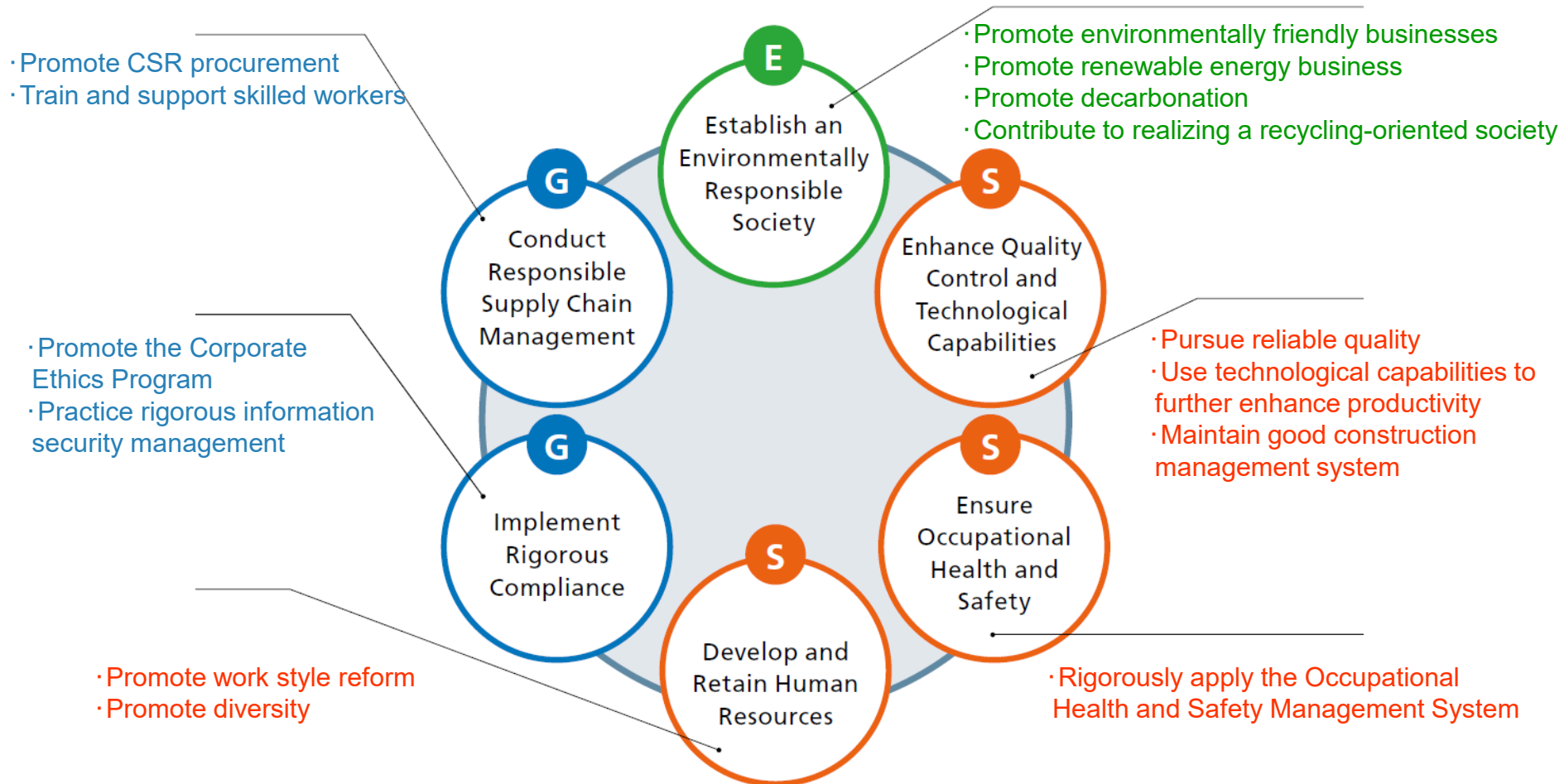
(Consolidated)

	Result April 1, 2016 - March 31, 2017	Result April 1, 2017 - March 31, 2018	Result April 1, 2018 - March 31, 2019	Result April 1, 2019 - March 31, 2020	Forecast April 1, 2020 - March 31, 2021
Net Sales	1,872.7 billion yen	1,900.6 billion yen	2,039.6 billion yen	2,073.0 billion yen	1,860.0 billion yen
Operating Income	133.7 billion yen	137.8 billion yen	155.4 billion yen	152.8 billion yen	119.0 billion yen
Profit attributable owners of parent	94.5 billion yen	92.6 billion yen	113.1 billion yen	113.0 billion yen	94.0 billion yen
Profit attributable owners of parent per share (EPS)	131.66 yen	129.09 yen	157.65 yen	157.59 yen	130.98 yen
Return on Equity (ROE) ※	17.0%	14.5%	15.6%	14.3%	11.0%

※The forecast for shareholders' equity as of March 31, 2021 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.

Promotion of ESG Management

- ESG Materialities and Action Plans



Promotion of ESG Management - Specific Initiatives



Scenario Analysis and Climate-Related Information Disclosures Based on TCFD Recommendations

Significant Risks/Opportunities		Overview	4° C scenario	2° C scenario	Main Measures
Risks	Introduction of carbon taxes	<ul style="list-style-type: none"> Taxes levied on CO₂ emitted by business activities Rise in the price of construction materials that consume much energy 	Minor	Major	<ul style="list-style-type: none"> Promote energy conservation at construction stage Use recycled and low-carbon materials Decarbonize construction machinery
	Higher summer temperatures	<ul style="list-style-type: none"> Increased risks to construction site worker health Poorer work conditions at construction sites could make worker shortage worse 	Major	Major	<ul style="list-style-type: none"> Further increase productivity and construction safety Develop innovative technologies to improve work conditions at construction sites
	More severe natural disasters	<ul style="list-style-type: none"> Increased risk of damage to construction sites and suppliers Decline in value of real estate due to flood risk 	Medium	Medium	<ul style="list-style-type: none"> Strengthen BCP response ability during disasters Promote sustainable redevelopment projects
Opportunities	Increasing need for energy conservation/renewable energy technology	<ul style="list-style-type: none"> Increasing superiority of ZEB and energy conservation technology Growing demand for renewable energy due to reassessment of energy mix 	Medium	Major	<ul style="list-style-type: none"> Promote development and practical application of ZEB technology Strengthen marketing of energy-conserving renovation services for existing facilities Promote the renewable energy business
	National resilience initiatives	<ul style="list-style-type: none"> Rising demand for infrastructure construction, maintenance, and repair 	Major	Major	<ul style="list-style-type: none"> Promote development and practical application of technologies to prevent and mitigate disasters Strengthen marketing of infrastructure construction, maintenance, and repair



Obayashi incorporates responses to specified risks and opportunities into our business plans. We aim to increase business opportunities and achieve greater organizational resilience by strengthening identification, evaluation, and management of medium and long-term risks and opportunities.

Promotion of ESG Management - Specific Initiatives



Building a Fire-resistant High-rise Building Made of Pure Wood

- This pure wood fire-resistant high-rise building will be constructed using all-wood materials for the structural components. This was a first in Japan and unprecedented on a global basis as well.
- It is a next-generation training facility aimed at achieving sustainable growth of the Obayashi Group.



Obayashi Training Center



Obayashi Training Center [construction test]

Naigai Technos: Reconstruction of plant for wood construction work

- Improving productivity of wood construction
- Improving the working environment and developed and secured construction carpenters
- Creating a highly flexible space without columns by truss frame construction of the wooden roof



Naigai Technos plant for wood construction work



<Obayashi Training Center>

Location: Yokohama City,
Kanagawa Prefecture
Construction period: March 2020 to March 2022
Total floor area: 3,620 m²
No. of floors: 1 floor below ground;
11 floors above ground

<Naigai Technos plant for wood construction work>

Location: Fujimino City,
Saitama Prefecture
Construction period: October 2020 to June 2023
Total floor area: Plant building, 8,793 m²
Office building, 1,926 m²

Promotion of ESG Management - Specific Initiatives



Taking on the challenge of full automation of all construction machinery

Issues

- Reducing the number of workers required and improving productivity are urgent issues

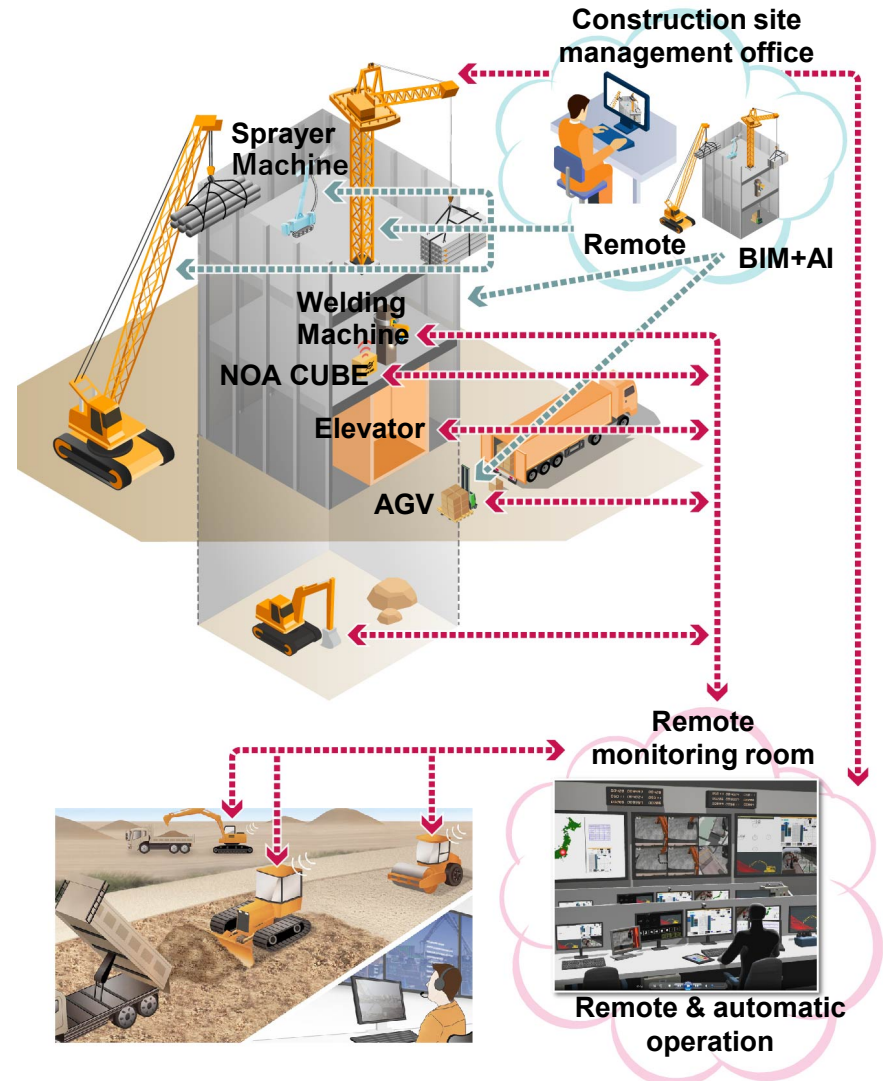
Initiatives

- Remote operation of multiple construction machines by one person from a remote monitoring room, and automated/autonomous operation
- Linked control of automatic guided vehicles (AGV) and elevators, and autonomous materials transport

Goal

Full automation of all construction machinery at construction sites

Also, utilize this expertise and take on the challenge of solving similar problems in other industries



Enhance Quality Control and Technological Capabilities



Ensure Occupational Health and Safety



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



17 PARTNERSHIPS FOR THE GOALS

Strategic Investment in Innovation



BIRD INITIATIVE



- Established by six companies in different industries
- Accelerates new business creation through collaborative R&D
- Enhances the technology Obayashi possesses through advanced AI technology

Investors

NEC Corporation	OBAYASHI CORPORATION
Japan Industrial Partners, Inc.	Japan Investment Adviser Co., Ltd.
ITOCHU Techno-Solutions Corporation	UTokyo Innovation Platform Co., Ltd.

SmartVid.IO



- AI engine specifically for the construction industry
- Automated analysis of unsafe behaviors and implementation status of COVID-19 measures from videos and images and creation of a dashboard
- Plans to roll out services for Japan (FY2021)



SkyDrive



- Develops flying cars and cargo drones
- Targets practical application to materials transport at construction sites



StructionSite



- Management of still and video images taken by a 360° camera
- Rolled out to other industries as a management tool during the COVID-19 pandemic



The Basic Plan of Action to Prevent the Spread of the Novel Coronavirus

- Telecommuting and staggered working hours
- Web conferences and digitalization of internal approvals and seals
- Steps to prevent the three crowded conditions of “close contacts, crowded places, and closed spaces”

Support for subcontractors

- Payment of stand-by subsidies during the work suspension period
- Distribution of supplies to prevent spread of COVID-19



Proposal of new workplaces for the living with COVID-19 and post-COVID-19 phases

- Preventing the three conditions through visualization (Wellness Box)
- Ventilation environment for controlling infection

Multi Mist® automatic disinfectant system and portable Cassette Mist™ device developed

- Disinfects rooms when users are not present
- The portable device can be used in rooms with no plumbing fixtures

Pandemic Emergency Center (PEC) improvements and COVID-19 response

- We have added a new type of unit in the PEC series that is customized based on the functions requested by the medical institution and the condition of each patient

COVID-19 Response



Multi Mist®

Three main characteristics



Highly effective disinfectant for mold, bacteria, and viruses

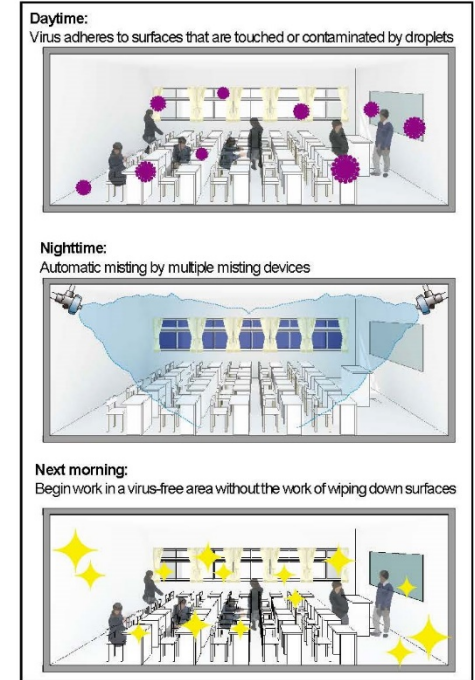


Mists when users are not present and eliminates the work of wiping down surfaces

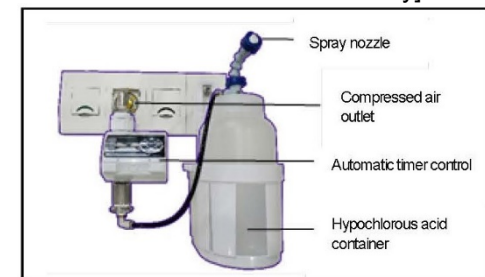


Automatically disinfects room surfaces from corner to corner

Line-up of products that meets a broad range of customer needs
(Plumbing connection style, cart style, and cassette style models)



[Image of plumbing connection style model in an educational facility]



[Newly developed Cassette Mist™]



Installed plumbing connection style Multi Mist



[Cart style Multi Mist]

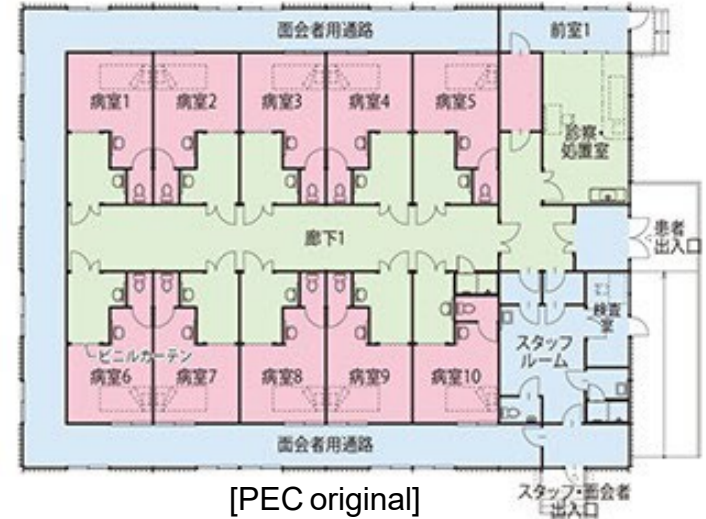
COVID-19 Response



Pandemic Emergency Center

Three main characteristics

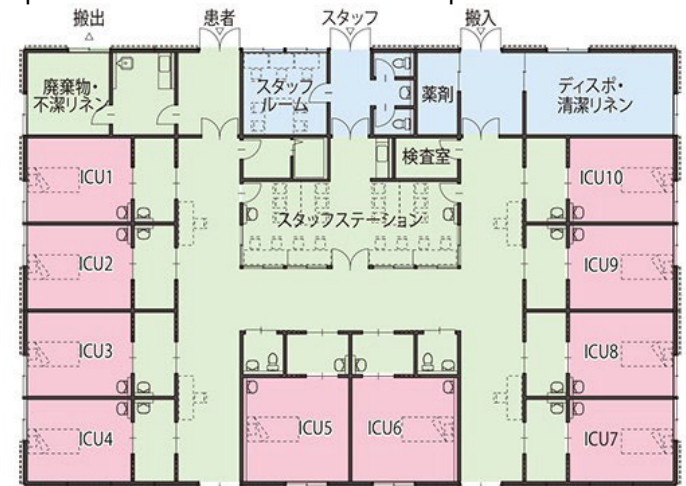
- 1 Short construction period
- 2 Negative pressure specifications
- 3 Wide range of variations



Five basic models customized by patient condition

	Mildly ill	Moderately ill	Seriously ill	No. of Beds	Size	Construction term
PEC original	○	○	×	10	500m ²	8 weeks
PEC quick	○	○	×	10	500m ²	2 weeks
PEC II	○	○	×	30	500m ²	8 weeks
PEC/ICU	-	-	○	10	500m ²	10 weeks
PEC febrile outpatient	Febrile outpatient			1 exam	69m ²	10 days

* PEC quick uses components and materials of existing products to shorten the construction period



Disclaimer

This investor presentation, an English translation of the presentation made at the investor telephone meeting on November 10, 2020 as a digest of Obayashi Corporation's "2nd Quarter Financial Results (April 1 to September 30, 2020)" ("Kessan Tanshin" and "Kessan Setsumei Shiryo") disclosed at the Tokyo Stock Exchange on November 9, 2020, 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.

