

June 1, 2015



Results for FY March 2015



Takamatsu Construction Group Co.,Ltd. (TCG)

Securities Code:1762

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Results for FY Mar. 2015

Previous Records (Consolidated)

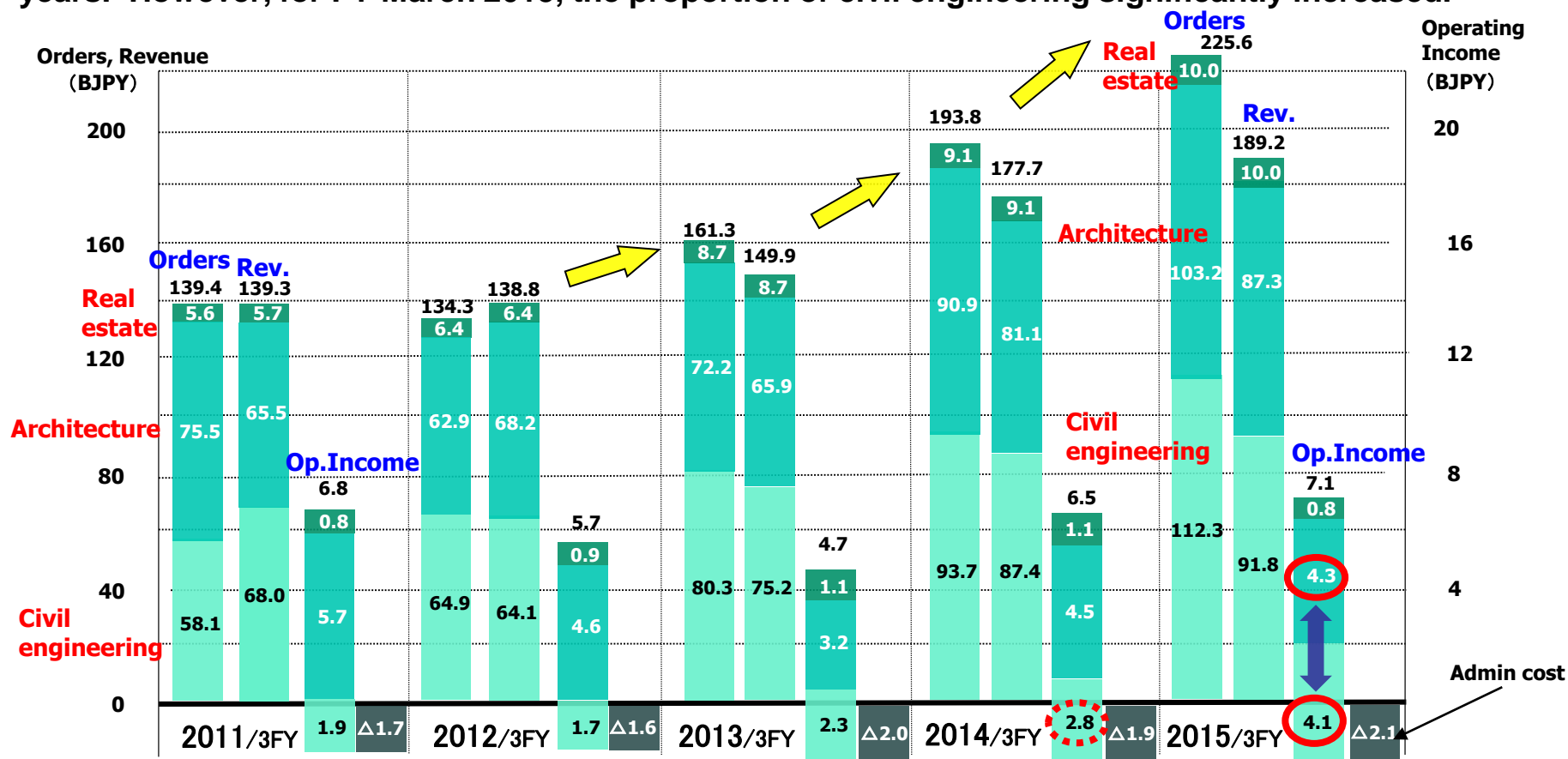
1. Orders and Revenue increased for three consecutive years, both showing record high.
→ Past records: Orders = FY2014/3, Revenue = FY2004/3.
2. Operating, Ordinary and Net Income all increased for two consecutive years.
3. Net Income increased due to increased ordinary income and earnings from negative goodwill of 2.2BJPY and 2.0BJPY for FY Mar 2014 and 2015, respectively.

Item	2011/3	2012/3	2013/3	2014/3	2015/3	
	Amount	Amount	Amount	Amount	Amount	(%)
Orders	139.4	134.3	↑ 161.3	↑ 193.8	↑ 225.6	16.4
Revenue	139.3	138.8	↑ 149.9	↑ 177.7	↑ 189.2	6.5
Op. Income (% vs revenue)	6.8 (4.9)	5.7 (4.1)	4.7 (3.1)	↑ 6.5 (3.7)	↑ 7.1 (3.8)	9.9 (0.1pt)
Non-op. Gain/Loss	1.6	0.9	0.1	0.1	0.0	-
Ordinary Income (% vs revenue)	8.4 (6.1)	6.6 (4.8)	4.8 (3.2)	↑ 6.6 (3.8)	↑ 7.2 (3.8)	7.9 (0.0pt)
Extraordinary Gain / Loss	0.1	0.1	0.1	2.2	2.0	△10.6
Net Income (% vs revenue)	3.8 (2.8)	4.2 (3.0)	2.9 (1.9)	↑ 6.1 (3.5)	↑ 6.3 (3.4)	3.1 (△0.1pt)

(Record High=○ Unit : Billion JPY, rounded down at 1 digit below presented #s)

By-Segment Orders, Revenue and Operating Income (Consolidated)

1. Orders : significant growth of civil engineering was achieved due to government orders, disaster recovery, as well as due to strong non-government orders.
2. Carry forward amount of orders from FY 2015/3 was 194.7BJPY, a significant increase in comparison to previous year's 158.2BJPY. This is another positive sign for FY March 2016.
3. Concerning operating income, major portion was generated from architecture segment in previous years. However, for FY March 2015, the proportion of civil engineering significantly increased.



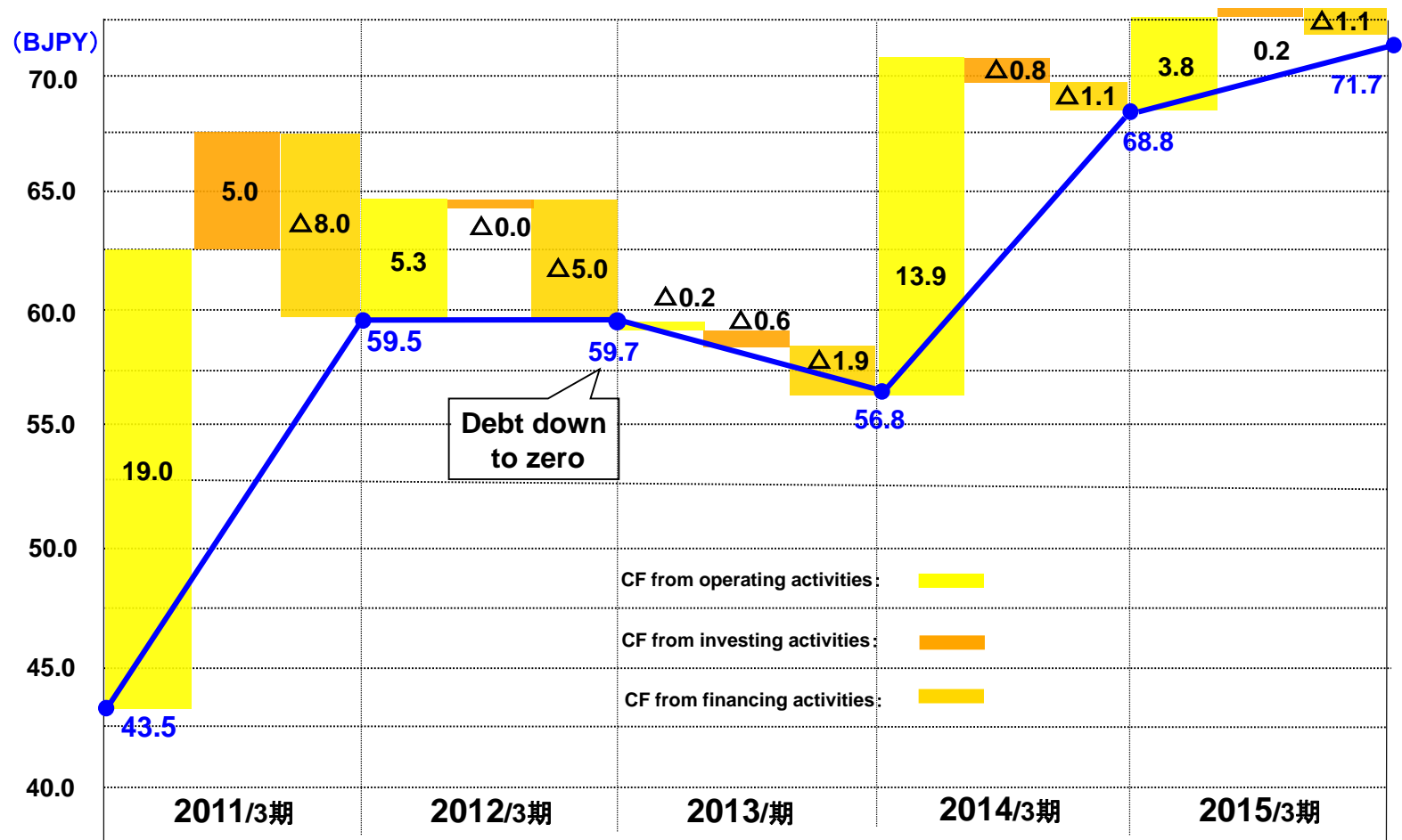
Financial Positions (Consolidated)

Item		2010/3	2011/3	2012/3	2013/3	2014/3	2015/3
		Amount	Amount	Amount	Amount	Amount	Amount
Orders	BJPY	155.9	↓ 139.4	↓ 134.3	↑ 161.3	↑ 193.8	↑ 225.6
Revenue	BJPY	167.9	↓ 139.3	↓ 138.8	↑ 149.9	↑ 177.7	↑ 189.2
Operating Income	BJPY	7.7	6.8	5.7	4.7	6.5	7.1
% vs. revenue	(%)	(4.6)	(4.9)	(4.1)	(3.1)	(3.7)	(3.8)
Net Income	BJPY	3.5	3.8	4.2	2.9	6.1	6.3
% vs. revenue	(%)	(2.1)	(2.8)	(3.0)	(1.9)	(3.5)	(3.4)
Total Asset	BJPY	149.9	↓ 139.7	↓ 137.6	141.2	154.6	162.1
Net asset(Incl. minority interests)	BJPY	85.9	↑ 88.3	↑ 90.6	↑ 92.1	↑ 94.1	↑ 99.1
Net Asset / share	JPY	1,813	↑ 1,902	↑ 2,005	↑ 2,087	↑ 2,220	↑ 2,397
Price / share	JPY	1,147	1,344	1,290	1,393	1,835	2,566
—Dividend per share	JPY	23	23	23	23	↑ 25	↑ 27
ROE	(%)	(5.3)	(5.6)	(5.9)	(3.9)	(7.9)	(7.6)
ROA	(%)	(5.9)	(5.9)	(4.8)	(3.5)	(4.5)	(4.6)
# of Employees		2,825	2,648	2,600	↑ 2,666	↑ 2,816	↑ 3,003

Cash Flow and BS Amount (Consolidated)

Cash amount for 2015/3E was 71.7BJPY.

This enables us to execute quick and variable strategic actions.



Balance Sheet (Consolidated)

Total asset amount was 162.1BJPY, an increase of 4.9% vsLY.

Acct Name	2014/3	2015/3	+/-
Current Assets	129.3	136.3	6.9
Cash and deposits	68.8	71.7	2.9
Notes receivables, etc.	48.9	49.7	0.7
Real estate for sale	3.3	5.2	1.8
Costs on uncompleted contracts	2.6	1.1	△1.4
Deferred tax assets	0.7	1.0	0.3
Others	4.8	7.4	2.6
Fixed Assets	25.2	25.7	0.5
Tangible fixed assets	14.2	14.2	△0.0
Intangible fixed assets	0.2	0.3	0.0
Investments and other assets	10.7	11.1	0.4
Investment securities	6.0	6.7	0.6
Real estate for investment	0.1	0.0	△0.1
Long term guarantees	2.1	2.1	0.0
Long term collectables	1.5	1.2	△0.2
Deferred tax assets	1.3	1.1	△0.1
Others	0.1	0.4	0.3
Allowance for doubtful accts	△ 0.6	△0.4	0.1
Total Assets	154.6	162.1	7.5

Acct Name	2014/3	2015/3	+/-
Current Liabilities	47.4	50.0	2.6
Notes payable and others	26.8	26.6	△0.2
Income tax payable	1.7	1.5	△0.2
Advances of uncompleted contracts	10.8	11.4	0.6
Others	7.9	10.4	2.4
Fixed Liabilities	13.0	12.9	△0.0
Retirement benefit	10.3	10.4	0.1
Others	2.7	2.5	△0.2
Total Liabilities	60.4	63.0	2.5
Net Assets	81.6	86.7	5.1
Capital stock	5.0	5.0	-
Capital surplus	0.2	0.2	-
Retained earnings	80.6	85.8	5.1
Treasury stock	△ 4.2	△4.2	-
Accum. Other comprehensive income	△ 1.6	△ 0.4	1.2
Minority interests	14.1	12.7	△1.3
Total net assets	94.1	99.1	4.9
Total liabilities and net assets	154.6	162.1	7.5



Mid-term Management Plan

Characteristics of Takamatsu Construction Group (TCG)

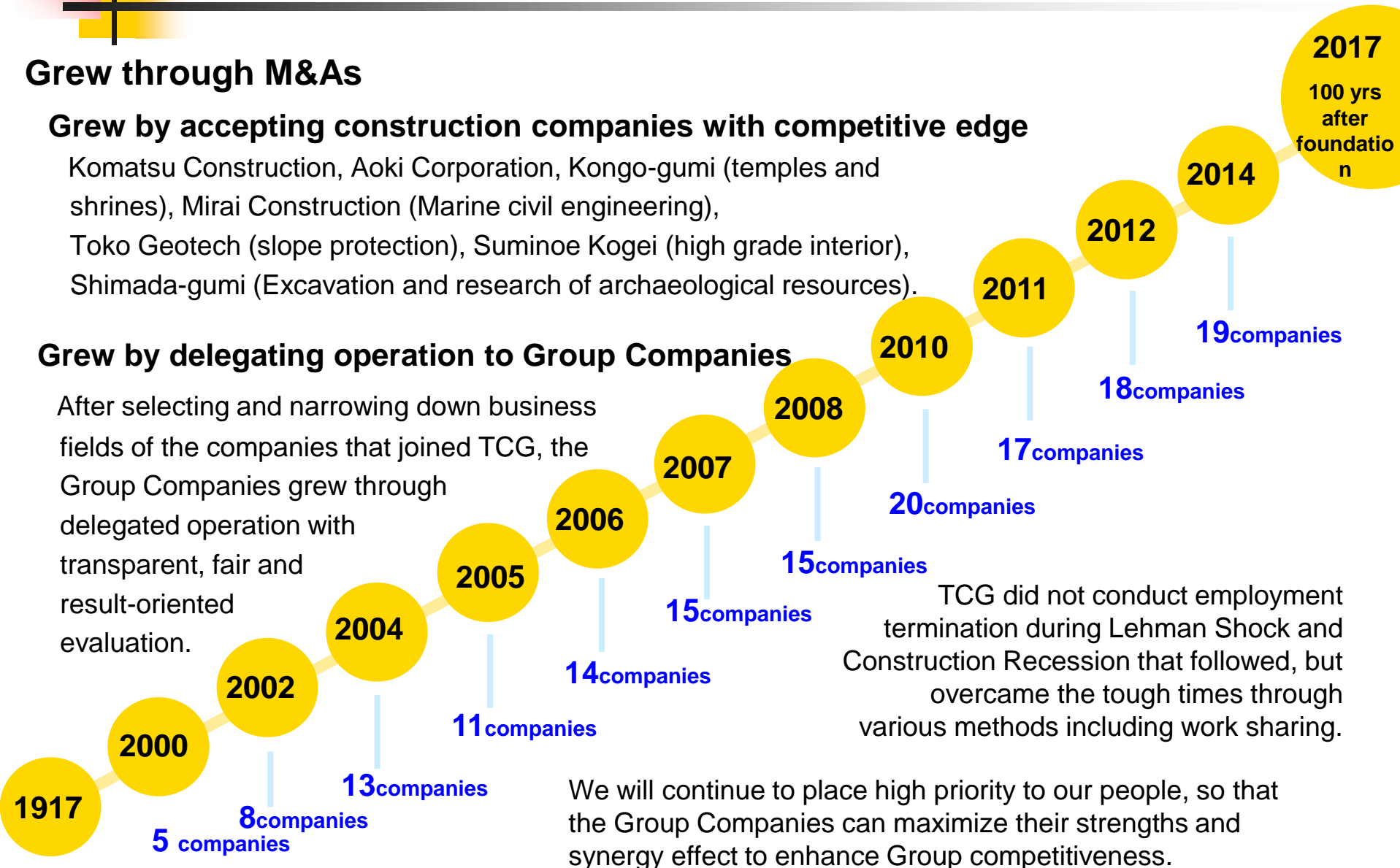
Grew through M&As

Grew by accepting construction companies with competitive edge

Komatsu Construction, Aoki Corporation, Kongo-gumi (temples and shrines), Mirai Construction (Marine civil engineering), Toko Geotech (slope protection), Suminoe Kogei (high grade interior), Shimada-gumi (Excavation and research of archaeological resources).

Grew by delegating operation to Group Companies

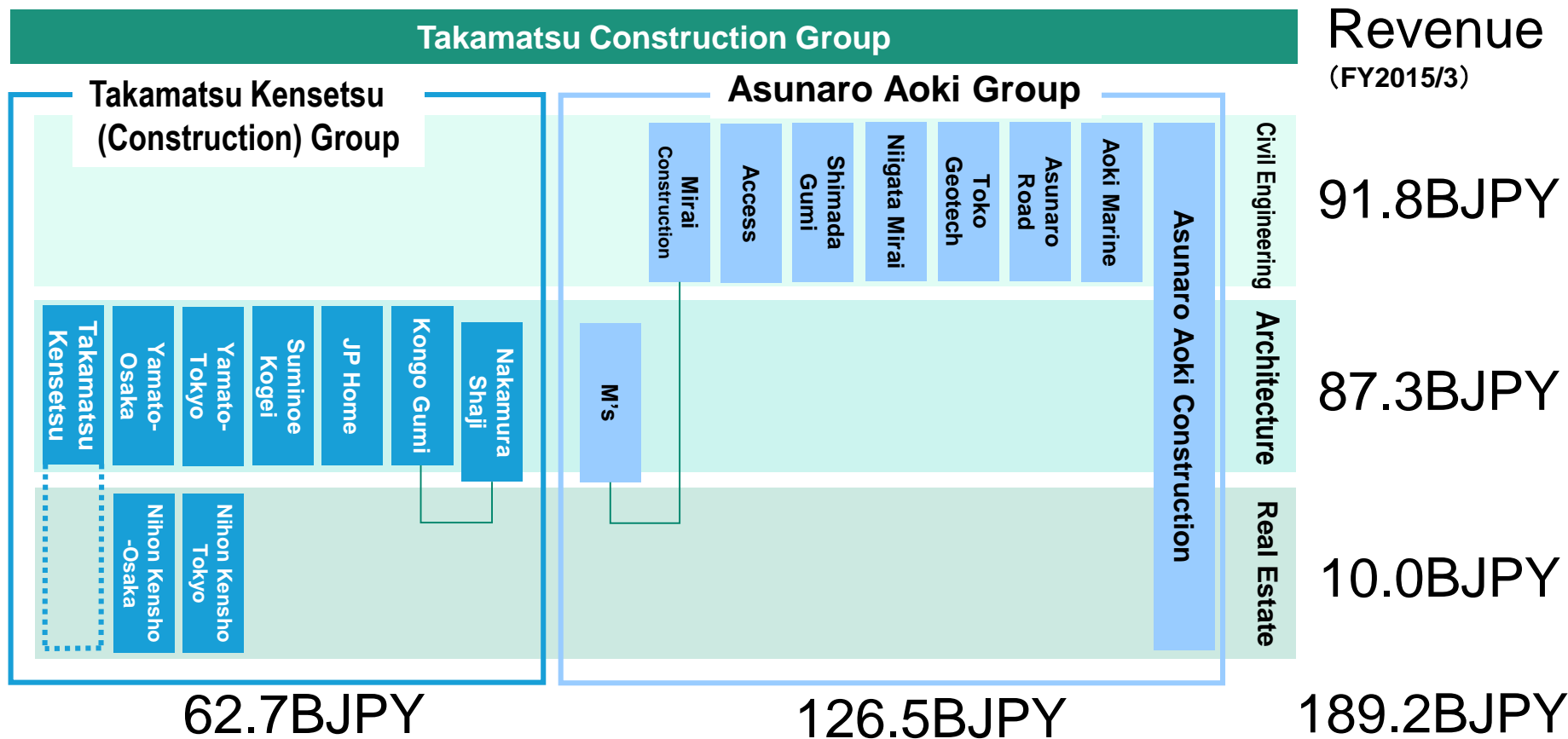
After selecting and narrowing down business fields of the companies that joined TCG, the Group Companies grew through delegated operation with transparent, fair and result-oriented evaluation.



TCG : Group Structure

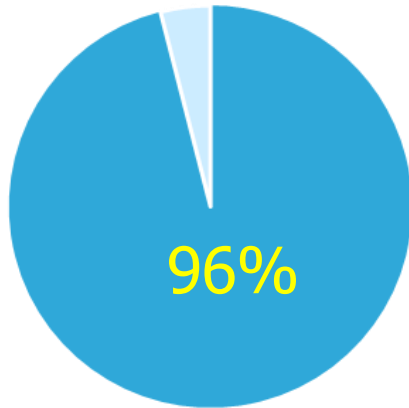
Concerning by-segment revenue, civil engineering and architecture show approximately equal amount.

18 Group Business Companies are separated into “Takamatsu Kensetsu (Construction) Group”, with construction as its core business segment, as well as “Asunaro Aoki Construction Group”, with higher ratio of government orders and civil engineering.



About Takamatsu Kensetsu Group (1)

1. Takamatsu Kensetsu (Construction) Co.,Ltd. is one of the core companies of TCG along with Asuaro Aoki Construction Co.,Ltd.
2. Takamatsu Kensetsu grew itself by building condominiums for rental purpose while thoroughly responding to the needs of the clients (Consultation and Construction).
3. Most clients ask Takamatsu to design and construct the condominium without bidding, due to Takamatsu's thorough consultation with the clients.
4. Accumulated number of completed condominiums are 1,114 (Tokyo Metro Area) and 2,910 (Kinki and Nagoya Areas), totaling 4,024, all boasting high security as well as high occupancy rates.



**2015/3FY condominium
design and construction
orders without bidding**



About Takamatsu Kensetsu Group (2)

Through follow ups of our clients, various Takamatsu Kensetsu Group Companies were formulated.

1. Interior and renovation of constructed buildings

- Yamato Kensetsu (Tokyo & Osaka)
- Suminoe Kogei



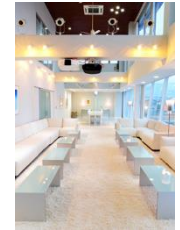
Before



After

2. Total administration and subleasing of completed condominiums

- Nihon Kensho (Tokyo & Osaka)



3. Building of reinforced concrete individual homes

- JP Home



About Asunaro Aoki Group

1. Asunaro Aoki Group is listed in Class 1 of Tokyo Stock Exchange, with Asunaro Aoki Construction Co.,Ltd. as the core company and the 7 other Group Companies.
2. The ratio of civil engineering vs architecture for both orders and revenue are 50 : 50 (Asunaro Aoki UNconsolidated) and 70 : 30 (Asunaro Aoki Consolidated).
3. R&D is one of the Group's focused activities (eg. Joint R&D at Tsukuba TCG Technology Laboratory with Metro Expressway Co.,Ltd. to improve anti-earthquake technology, as well as to develop new seismic isolation technology and non-destructive inspection methods).
4. Contributed significantly to Mar 2015 TCG fiscal year results by raising civil engineering revenue. Mirai Construction and Aoki Marine are competitive in marine civil engineering, while Toko Geotech, Asunaro Road and Niigata Mirai are competitive in slope protection and paving .



Umi-Hotaru (Chiba-Tokyo)



New Miyagawa Dam (Fukushima)



Azuchi-Ohshima Wind Power Plant
(Nagasaki)



Market Environment Outlook

Domestic Construction Environment

1. Domestic construction market will remain as it is now until 2020 (Tokyo Olympic).
2. Public Investments will remain strong for some years.
3. Private sector investments:
Somewhat un-transparent environment will continue.
Investment to condominiums for rental purpose will remain “rather tight” with mixture of the following items:
 - Negative elements such as decreasing population and increasing unoccupied rental condominiums
 - Positive elements such as Revision of Inheritance Tax Act, upturn of real estate price of metro areas, continuing low interest rates, increased demand for rental condominiums for senior citizens
4. Aging of construction engineers throughout Japan is proceeding, thus it is important and long term issue to secure new engineers.
 - Overall speaking, we understand stable market will continue for several years, thus we will accelerate our growth strategy!

Growth Strategy of Takamatsu Kensetsu Group

1. Takamatsu Kensetsu will continue to place primary focus to condominiums for rental purpose, while strongly challenge to obtain surrounding businesses
2. Nihon Kensho and Yamato will enhance cooperation and coordination with Takamatsu Kensetsu.
3. Suminoe Kogei and Kongo-gumi will maximize its own strength.

	Strategy	Goals
Takamatsu Kensetsu	Increase market share of condominiums for rental purpose Increase Tokyo portion of the business Increase revenue of buildings for business purposes Enter into real estate business	Revenue for FY2017/3 50.0BJPY (+20% vs FY2015/3)
Nihon Kensho Yamato JP Home	Enhance cooperation and coordination with Takamatsu Kensetsu and... Improve PL through increased efficiency Increase revenue	Revenue for FY2017/3 25.0BJPY (+20% vs FY2015/3)
Suminoe Kogei Kongo-gumi	Develop growth strategy by maximizing own strength Suminoe Kogei → Increase direct orders Kongo-gumi → Optimize mixture of hand and automated works	



Growth Strategy of Asunaro Aoki Group

1. The key phrase of Asunaro Aoki Construction Co.,Ltd. is “Strengthen technology”, “Start up and stabilize new business fields” and “increase customers”.
2. The Group Companies will ”focus on strong areas” and “develop & improve expertise”.
3. In addition, the Group as a whole will focus on “R&D” and “HR development”.

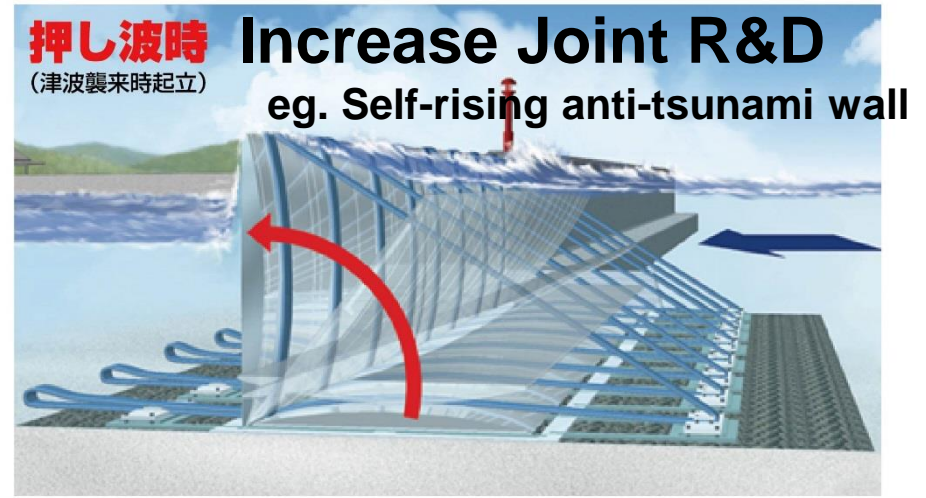
	Strategy	Goals
Constr uction	Obtain construction renewal business by utilizing our own technologies. Develop condominium construction for sales purpose (ABDS Business) Increase government business as well as private non-residence business	Revenue for FY2017/3 145.0BJPY (+15% vs FY2015/3)
Civil Engin eering	Participate in large scale projects such as renewable energy, civil engineering renewal, ports, slope protection, ground improvement and anti-disaster renewals	
Common	Strengthen R&D HR development Technology succession	

Measures to Strengthen Enterprise & Management Bases

	Strategy	Goal	Measures & Status
Enterprise Base	1. Technology	Accumulate technology that leads into sustainable growth	<ul style="list-style-type: none"> ▪ Further activate TCG Technology Laboratory
	2. New Business	Develop new business to core business 10 years in the future	<ul style="list-style-type: none"> ▪ Reinforce Business Strategy Department ▪ Conduct strategic M&A
	3. Business Priorities	Re-construct business portfolio	<ul style="list-style-type: none"> ▪ Continue to evaluate Group Companies through established policies ▪ Concentrate resource to growing business
	4. Group Synergy	Enhance synergy through stronger ties among Group Companies	<ul style="list-style-type: none"> ▪ Enhance support capability of Core Companies ▪ Improve information sharing
Management Base	1. HR Development	Secure high potential candidates and have them gain expertise in their early stage	<ul style="list-style-type: none"> ▪ Increase hiring (New grads : 13/4=93, 14/4=142, 15/4=200) ▪ Enhance training programs
	2. HR Policies	Improve working environment and realize high energy organization	<ul style="list-style-type: none"> ▪ Improve salary and vacation policies ▪ Improve evaluation systems
	3. Management Goals	Operating income % of more than 5%	<ul style="list-style-type: none"> ▪ Realize over achievement of target profits ▪ Control headcounts and HR costs
	4. Group Governance	Thorough risk management	<ul style="list-style-type: none"> ▪ Enhance internal audit programs ▪ Make Independent Audit program to routine
	5. Positive Governance	Create organization to support growth and maximize corporate value	<ul style="list-style-type: none"> ▪ Clarify & disclose directions, standards & procedures ▪ Study and adopt various programs

Examples of Base Enhancement Measures

Enterprise Base



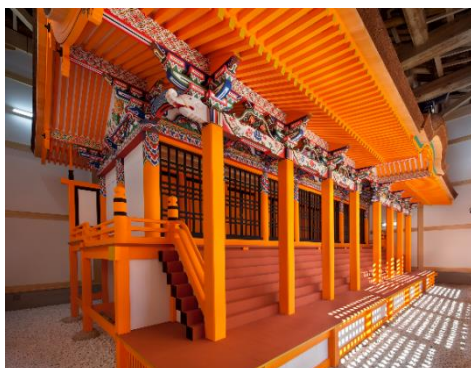
Management Base



Started Consumption
Tax Benefit which led
into base up of all
employees

About “Traditional Culture Group”

1. TCG owns companies such as Kongo-gumi (world’s oldest existing business organization, temples and shrines construction), Nakamura Shaji (temples and shrines, Nagoya Area), Shimada-gumi and Access (excavation and research of archaeological resources), that deals with traditional cultural works.
2. This Group presents a unique business field for TCG and contributes not only in terms of its uniqueness but also in terms of profit.



Kongo-gumi



Shimada-gumi, Access



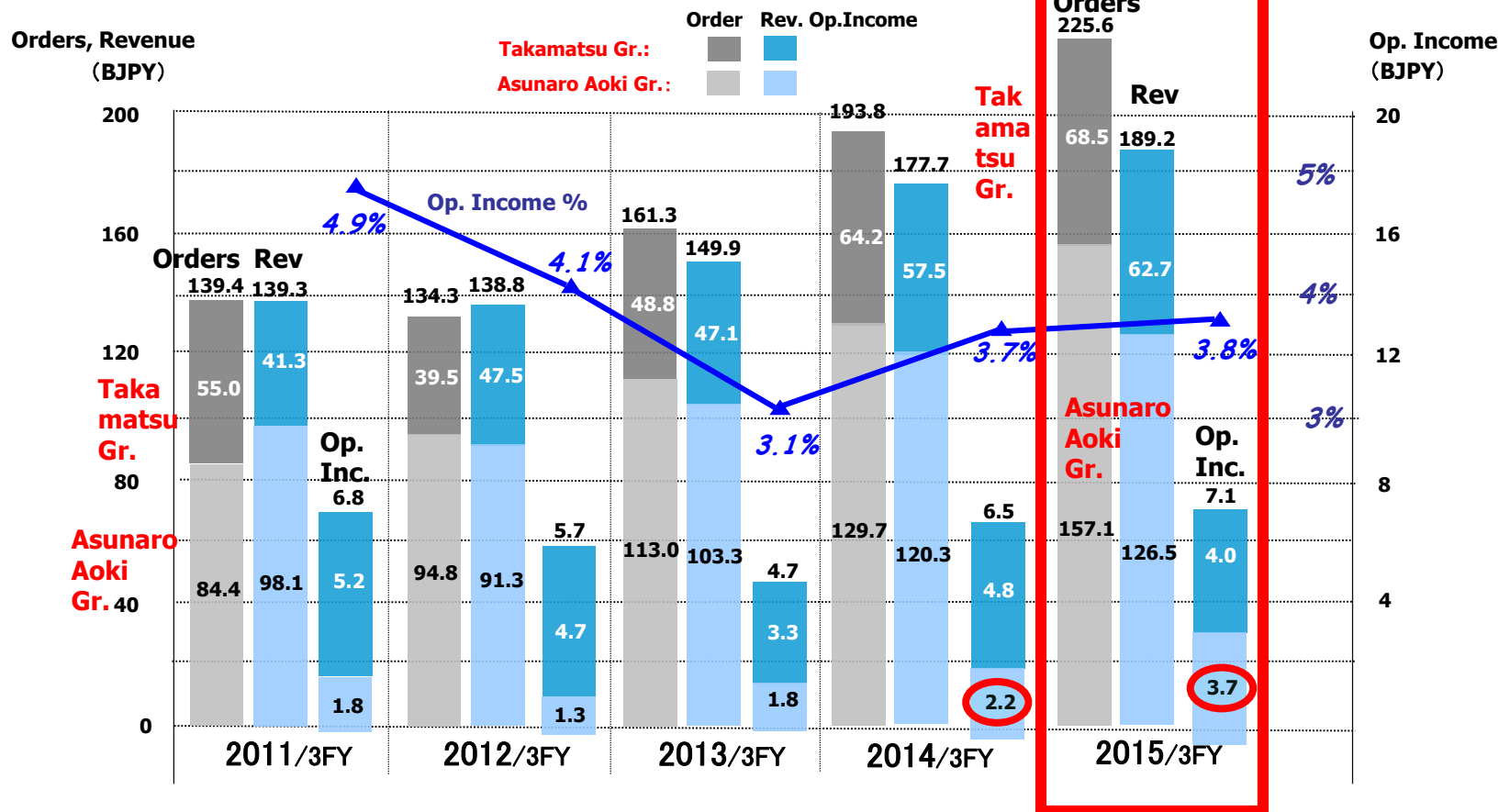
Nakamur-Shaji

	2011/3FY	2012/3FY	2013/3FY	2014/3FY	2015/3FY
Orders	6.5	5.1	7.5	7.3	7.4
Revenue	4.6	5.9	7.5	8.3	9.0
Op. Income	△0.12	0.06	0.30	0.64	1.00

Unit:BJPY, rounded down at one digit below presented lowest digit.
Shimada-gumi and Access joined consolidated figures since FY2013/3.

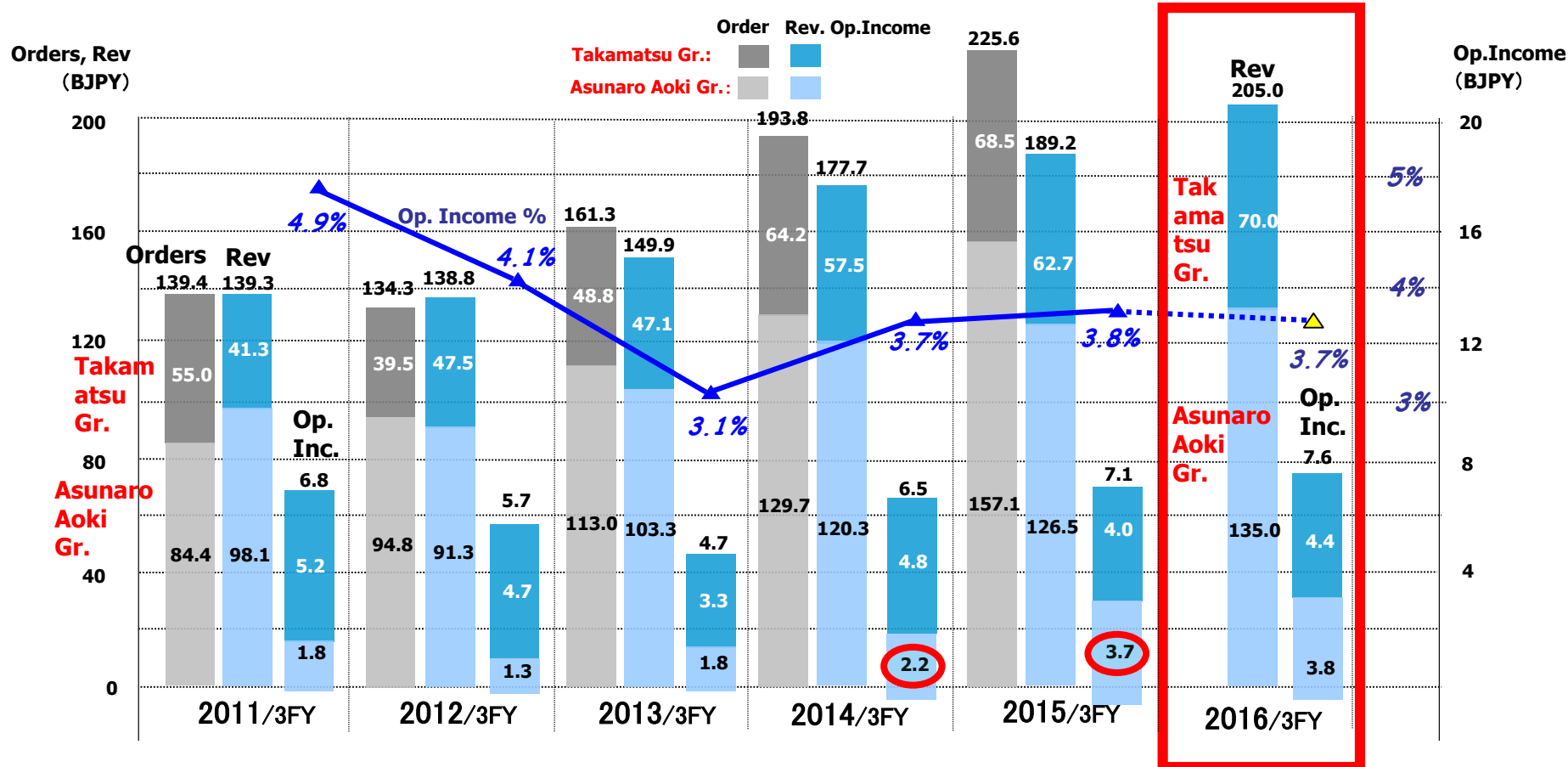
By-Group Orders, Revenue and Operating Income (Consolidated)

1. By-Group structure used to be recognized as “Revenue by Asunaro, Profit by Takamatsu”.
2. For 2015/3FY, orders showed significant increase due to government orders such as earthquake recovery as well as from private sectors.
3. Due to labor unit price revision by the gov’t as well as stable material cost, Asunaro Aoki Group’s Operating Income showed significant increase.



By-Group Orders, Revenue and Operating Income (Consolidated)

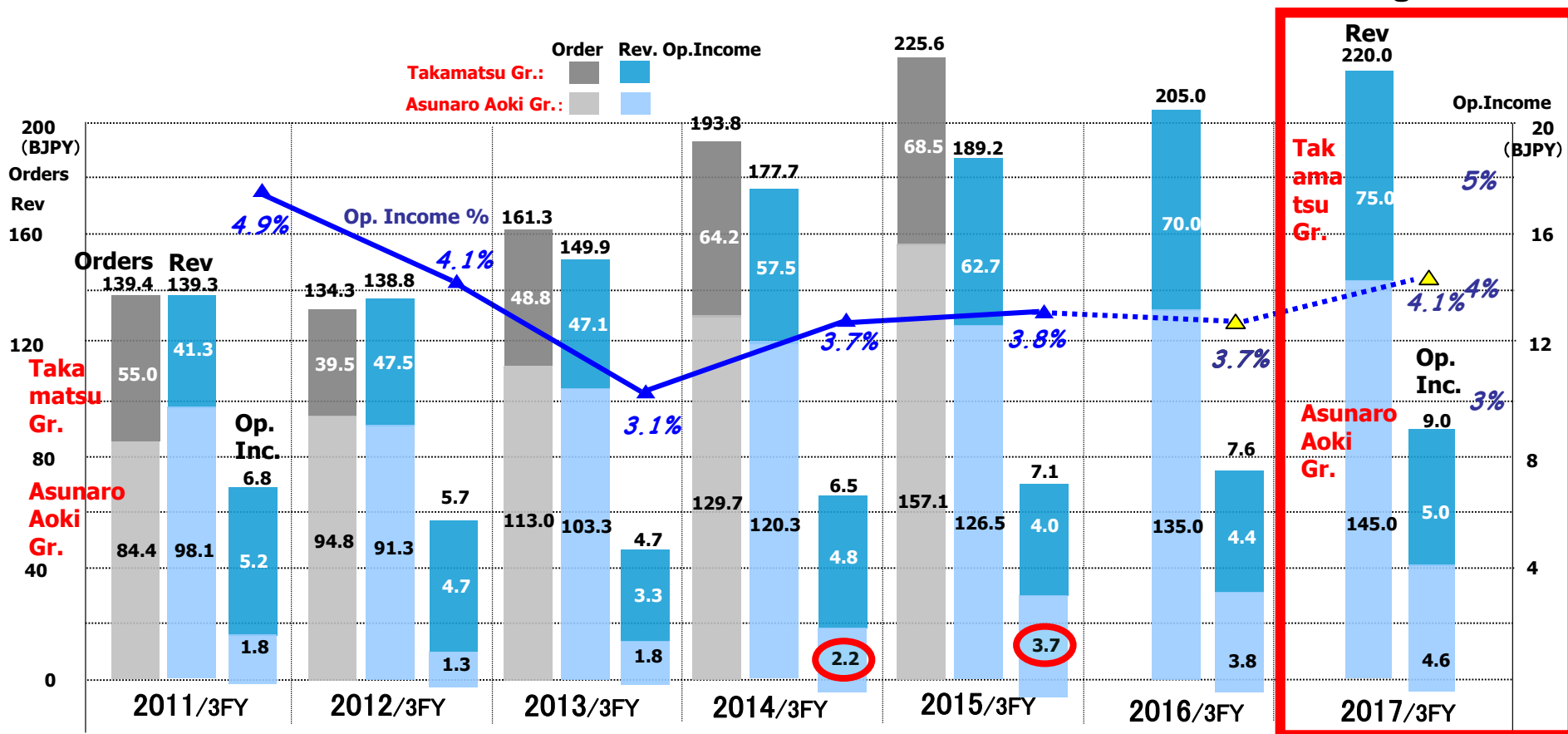
4. For FY2016/3, revenue is planned to grow by 8.3%vsLY, as well as 6.2% growth of operating income.
5. The key of FY2016/3 is up to our capacity than our incoming orders.



By-Group Orders, Revenue and Operating Income (Consolidated)

6. FY2016/3 plan was based on Mid Term Plan which was studied in 2014 to prepare for 2017 centenary.

7. Mid Term Plan revenue for FY2017/3 is 220BJPY (+7.3%vsFY2016/3), with operating income of 9.0BJPY (+18.4%vsFY2016/3), both we chase after as attainable targets.



Japan's Domestic Construction Investment and TCG

1. TCG Group used M&A as one of important growth tools.
2. After the start of Abenomics in Dec. 2012, TCG achieved smooth growth in revenue as well as share vs. the Japanese construction market.
3. We are optimistic towards our future orders as well as revenue.
4. Even if the market size remains at 2014/3FY level, we should be able to grow our market share in line with our previous records.

