

# Results for Q1, FY March 2018

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**Takamatsu Construction Group Co.,Ltd.**

**Securities Code :1762**

**August 9, 2017**

Forward-looking statements in this material is based on the information available to management at the time this report was prepared. Actual results may differ significantly from this statement for number of reasons. In addition, this document is prepared as an information providing material to be used as a reference for investment decisions, and is not intended to ask nor to request to purchase / sell our shares.

# Our Market Environment Recognition and Growth Image of Takamatsu Construction Group

## Environment Recognition

### Positive Factors

- We foresee three consecutive years of domestic construction investment exceeding 50TJPY. (FY Mar 2018 thru FY Mar 2020)
- We foresee high level of household #s to be maintained in Tokyo-Nagoya-Osaka Areas as well as continued high level of new residence construction start-ups.
- We foresee continued tight market for Tokyo Metro Area's construction of condominiums for rental purposes.

### Negative Factors

- Domestic construction investment will start to shrink after 2020, which is our final year of Mid-Term Plan. Population decrease will also accelerate.
- Construction labor cost will increase as # of workers decrease.
- There is risk of rapid decline of market for condominiums for rental purpose due to interest rate hike and / or decrease of occupancy rate.
- Decrease of overall construction start-ups.



## Growth Image of Takamatsu Construction Group Towards FY Mar. 2020

1. We will create an organization which realizes expansion of orders and continued growth for construction of Tokyo Metropolitan condominiums for rental purpose as our core growth segment.
2. On the other hand, for civil engineering and government related businesses where we foresee flat or negative growth for future years, we will aim to realize steady growth of market share as well as to maintain high profit margins.
3. We will create management basis that enables realization of both of the above.

# Results for Q1, FY 2018 March (Consolidated)

1. Orders: +2.0% vsLY. Proceeding in accordance with annual plan.
2. Revenue: Significant increase of +14.7%vsLY. Increase for 6 consecutive years of Q1 as well as 5 consecutive record highs of Q1.
3. Operating Income : Increase for 5 consecutive years of Q1 as well as record high of 4 consecutive years of Q1.
4. Net earnings attributable to controlling interest: Increased by 30.9% due to decrease of extraordinary loss, decrease of income taxes and decrease of net earnings attributable to non-controlling interests due to share buyback by Asunaro Aoki .  
Increase for 3 consecutive years of Q1.

Item (In Billion JPY)	FY2017/Mar Q1		FY2018/Mar Q1	+/- (%)
Orders	67.9	↗	69.3	2.0%
Revenue	45.8	↗	52.5	14.7%
Gross Profit (% vs Revenue)	6.0 (13.2%)	↗	6.5 (12.5%)	8.7%
Operating Income (% vs Revenue)	1.9 (4.2%)	↗	1.9 (3.8%)	2.7%
Ordinary Income (% vs Revenue)	1.9 (4.3%)	↗	2.0 (3.8%)	2.0%
Net earnings attributable to controlling interest (% vs Revenue)	0.8 (1.8%)	↗	1.0 (2.0%)	30.9%

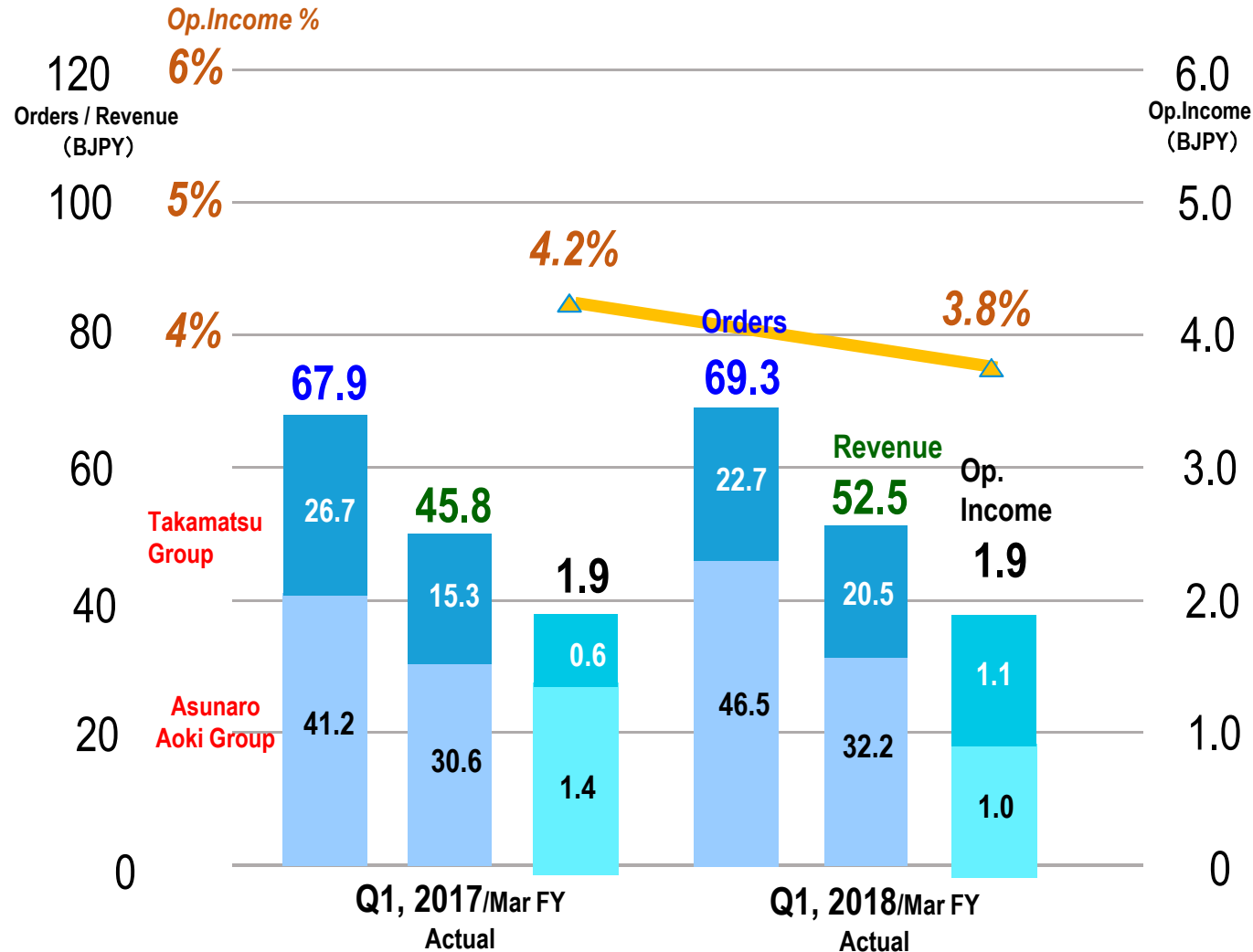
# By-Segment・By-Group Split (Consolidated)

1. Orders increased by 2.0% to 69.3BJPY, significant increase in civil engineering due to Asunaro Aoki Group.
2. Revenue increased by 14.7% to 52.5BJPY. Civil engineering grew by 11% due to Asunaro Aoki Group, while architecture grew by 19% due to Takamatsu Group.
3. Op. Income increased by 2.7%. Architecture decreased due to highly profitable projects of previous FY, while civil engineering grew by 52% in accordance with revenue growth.

Takamatsu Construction Group				Orders	Revenue	Op.Income
				17/6	17/6	17/6
				(16/6)	(16/6)	(16/6)
				37.2	22.2	0.7
				(28.9)	(19.9)	(0.4)
				<b>+28%</b>	<b>+11%</b>	<b>+52%</b>
				28.8	27.1	1.7
				(35.9)	(22.7)	(1.7)
				<b>△20%</b>	<b>+19%</b>	<b>△1%</b>
				3.2	3.2	0.1
				(3.0)	(3.0)	(0.3)
				<b>+7%</b>	<b>+7%</b>	<b>△47%</b>
				<b>69.3</b>		
				(67.9)	<b>+2.0%</b>	
					<b>52.5</b>	
					(45.8)	<b>+14.7%</b>
						<b>1.9</b>
						(1.9)
						<b>+2.7%</b>
<b>Orders</b> 17/6 (16/6)				<b>22.7</b>	<b>△15%</b>	
<b>Revenue</b> 17/6 (16/6)				<b>20.5</b>	<b>+34%</b>	
<b>Op.Income</b> 17/6 (16/6)				<b>1.1</b>	<b>+63%</b>	
				<b>46.5</b>	<b>+13%</b>	
				(41.2)		
				<b>32.2</b>	<b>+5%</b>	
				(30.6)		
				<b>1.0</b>	<b>△24%</b>	
				(1.4)		

# By-Group Orders, Revenue and Operating Income (1) (Consolidated)

1. Orders: Although Takamatsu Gr. Showed negative growth vsLY, it was due to large size orders of previous FY.  
Both Groups on track with annual plan.
2. Revenue : Both Groups grew vsLY, on track with plan.
3. Operating Income : Increase of 50MJPY (2.7%) vsLY. Op.Income % was 3.8%, 0.4pt down vsLY of 4.2%

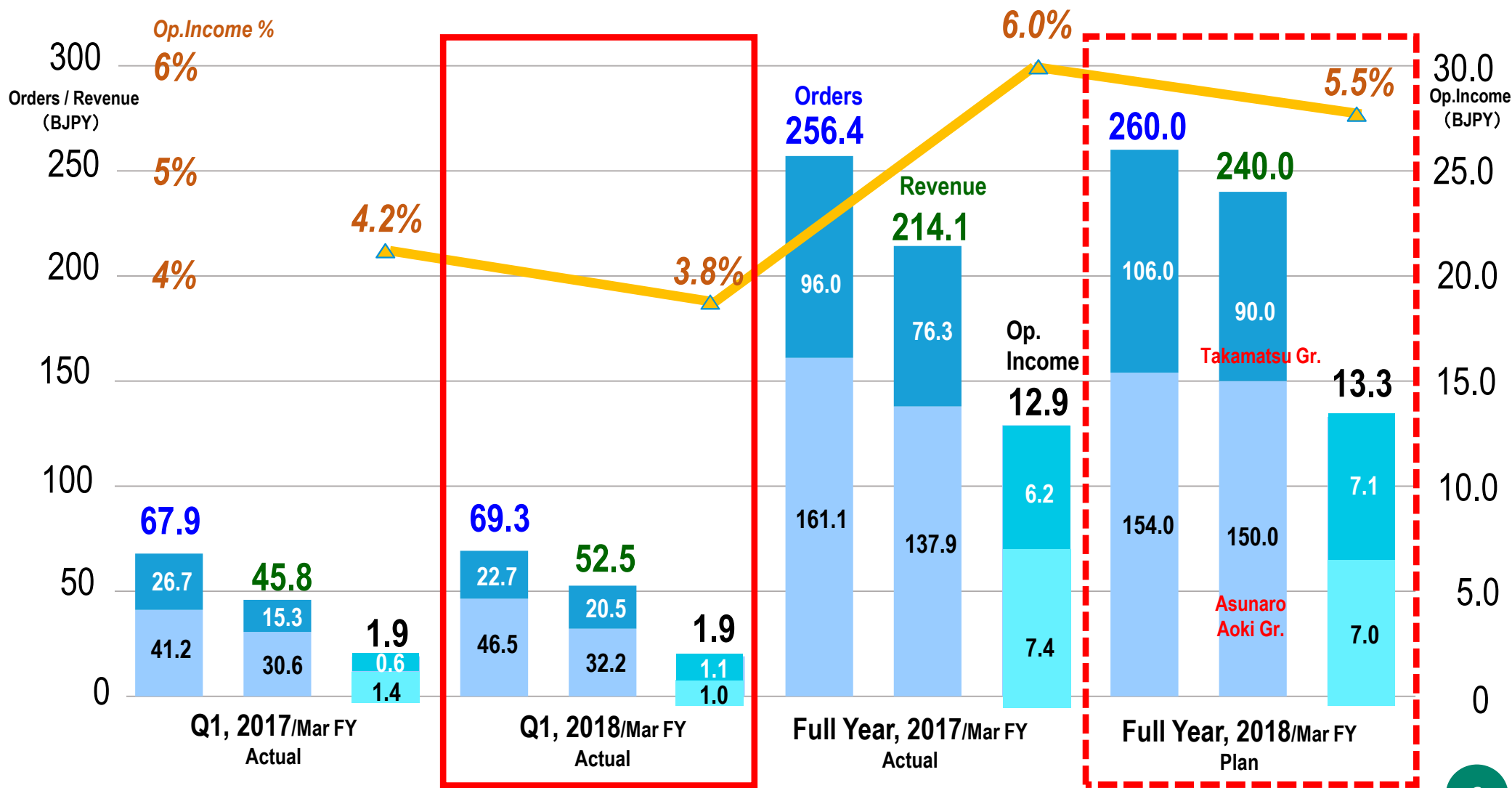


Unit : BJPY. Op.Income #s inside bars don't match with the total due to admin (TCG unconsolidated)costs.

# By-Group Orders, Revenue and Operating Income (2) (Consolidated)

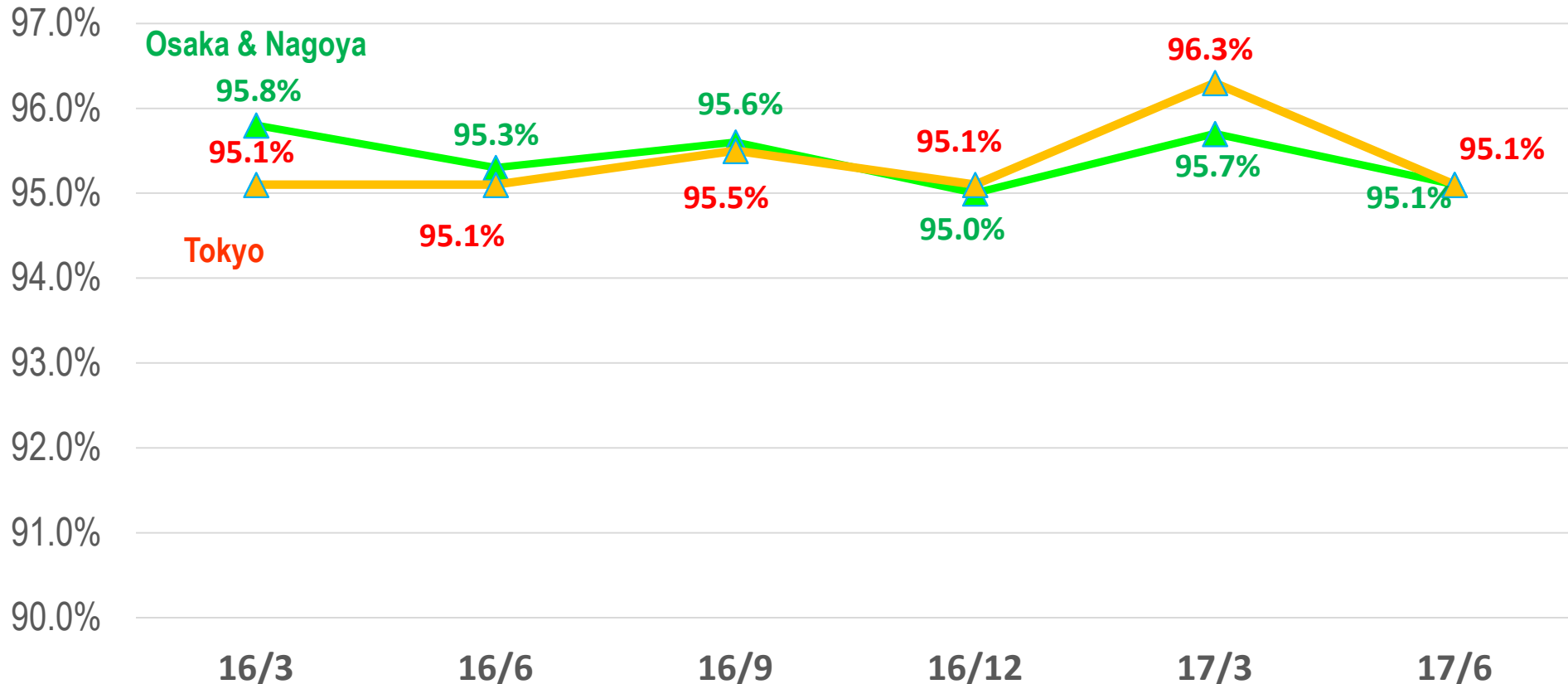
1. Orders, revenue and operating income are all on track with plan.

We should be able to achieve our annual plan amount of 260BJPY of orders, 240BJPY of revenue and 13.3BJPY of operating income.



# Occupancy Rate of Condos for Rental Purpose built by Takamatsu Corp and Managed by Takamatsu Estate

## 1. Both Tokyo and Osaka Areas maintaining more than 95% occupancy rate.



**Definition:** "Osaka and Nagoya" = Osaka, Kyoto and Hyogo Prefectures plus Nagoya City.  
"Tokyo" = Tokyo, Kanagawa, Saitama and Chiba Prefectures  
"Occupancy Rate" = (Number of occupied condo apartments built by Takamatsu Corp and managed by Takamatsu Estate at the end of each quarter) divided by (Number of condo apartments built by Takamatsu Corp and managed by Takamatsu Estate at the end of each quarter)