

Results for Q3, FY March 2018

Takamatsu Construction Group Co.,Ltd.

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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 towards March 2020 and Growth Image of Takamatsu Construction Group

This page from “Mid Term Plan to March 2020”

TCG HP>IR Information>IR Library>Financial Statement Presentation Materials> Analysis Material, FY ended March 2017>Mid Term Plan to March 2020

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.

By-Segment・By-Group Split (Consolidated)

1. Orders decreased by 0.9% to 185.9BJPY, increase in civil engineering but decrease in architecture.
2. Revenue increased by 15.6% to 176.5BJPY. Civil engineering increased by 20% due to strong Asunaro Aoki revenue, while architecture also grew by 9% due to strong Takamatsu Group results.
3. 7.2% decrease in Op. Income. While architecture fell short vsLY due to LY's highly profitable projects, civil engineering increased by 42% due to increased revenue.

Takamatsu Construction Group				Orders	Revenue	Op.Income
Takamatsu Group		Asunaro Aoki Group		17/12	17/12	17/12
				(16/12)	(16/12)	(16/12)
Civil Engineering Takamatsu Corp Takamatsu Techno Service (Osaka) Takamatsu Techno Service (Tokyo) Suminoe Kogei JP Home Kongo Gumi Nakamura Shaji Takamatsu Estate (Osaka) Takamatsu Estate (Tokyo)		Architecture Shimada Gumi Niigata Mirai Asunaro Road Toko Geotech Aoki Marine Mirai Construction M's Asunaro Aoki Construction		84.4 (77.5) +9%	79.0 (65.8) +20%	4.9 (3.5) +42%
				89.0 (101.2) △12%	85.1 (78.1) +9%	5.5 (7.7) △28%
				12.4 (8.7) +43%	12.4 (8.7) +43%	0.8 (0.6) +20%
Orders	73.8 (75.3) △2%	112.2 (112.9) △1%	185.9 (187.5) △0.9%			
Revenue	64.2 (53.2) +21%	112.8 (99.5) +13%	176.5 (152.6) +15.6%			
Op.Income	4.1 (4.0) +3%	5.5 (6.0) △8%	8.9 (9.6) △7.2%			

Unit : Billion JPY

Op.Income #s inside bars doesn't match with the total due to admin (TCG unconsolidated) costs.
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Results for Q3, FY 2018 March (April thru December 2017, Consolidated)

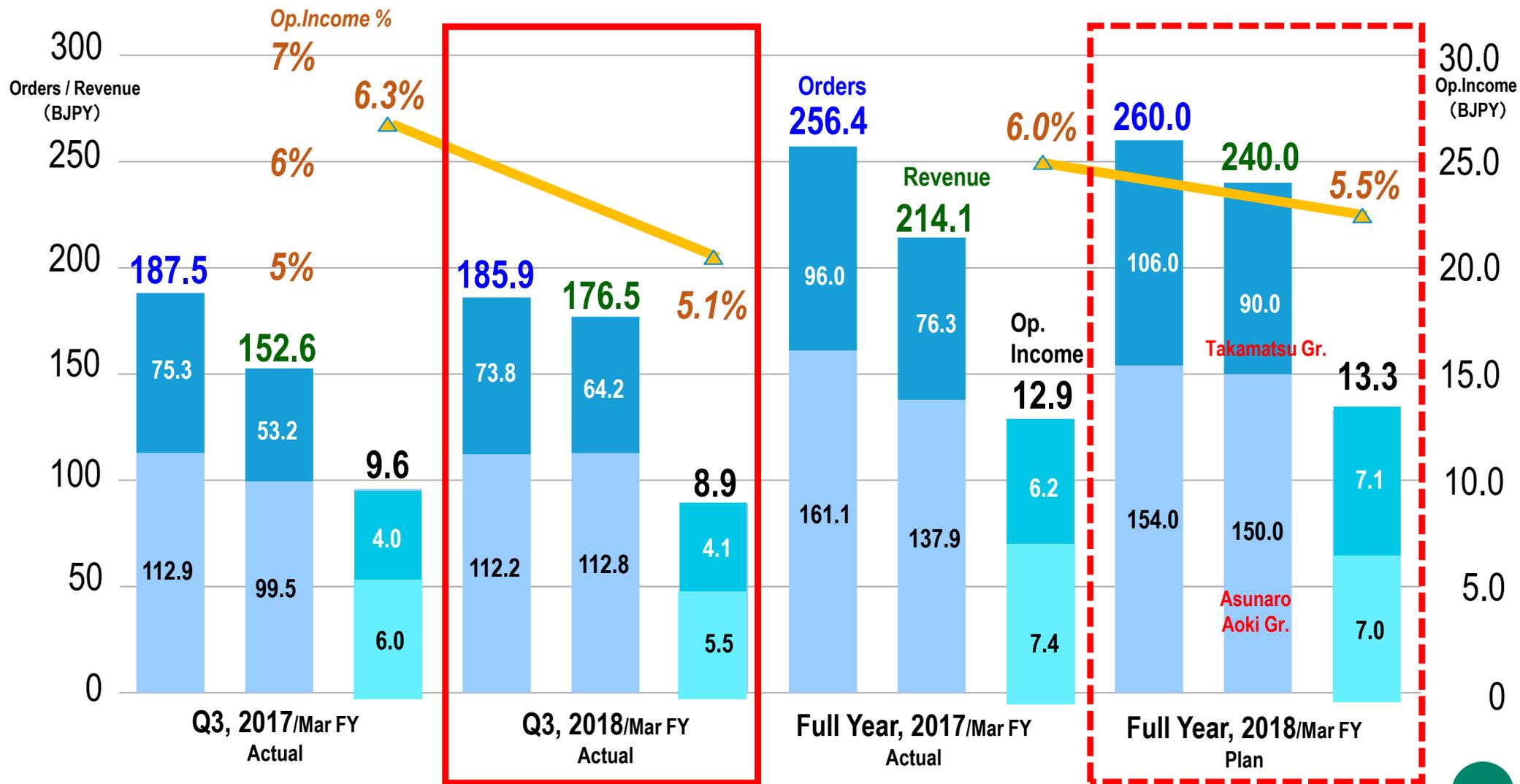
- 1. Orders : Slight decrease of $\Delta 0.9\%$ vsLY.
- 2. Revenue : Significant increase of $+15.6\%$ vsLY. Increase for 6 consecutive years of Q3 as well as 5 consecutive record highs of Q3.
- 1. Profits : Due to LY's highly profitable projects, Operating Income, Ordinary Income and Net Earnings fell short vsLY by $\Delta 7.2\%$, $\Delta 7.2\%$ and $\Delta 7.0\%$, respectively.

Unit : Billion JPY

Item (In Billion JPY)	FY2017/Mar Q3	FY2018/Mar Q3	+/- (%)
Orders	187.5	185.9	$\Delta 0.9\%$
Revenue	152.6	 176.5	15.6%
Gross Profit (% vs Revenue)	22.7 (14.9%)	 23.6 (13.4%)	3.7%
Operating Income (% vs Revenue)	9.6 (6.3%)	8.9 (5.1%)	$\Delta 7.2\%$
Ordinary Income (% vs Revenue)	9.6 (6.3%)	8.9 (5.1%)	$\Delta 7.2\%$
Net earnings attributable to controlling interest (% vs Revenue)	5.1 (3.4%)	4.7 (2.7%)	$\Delta 7.0\%$

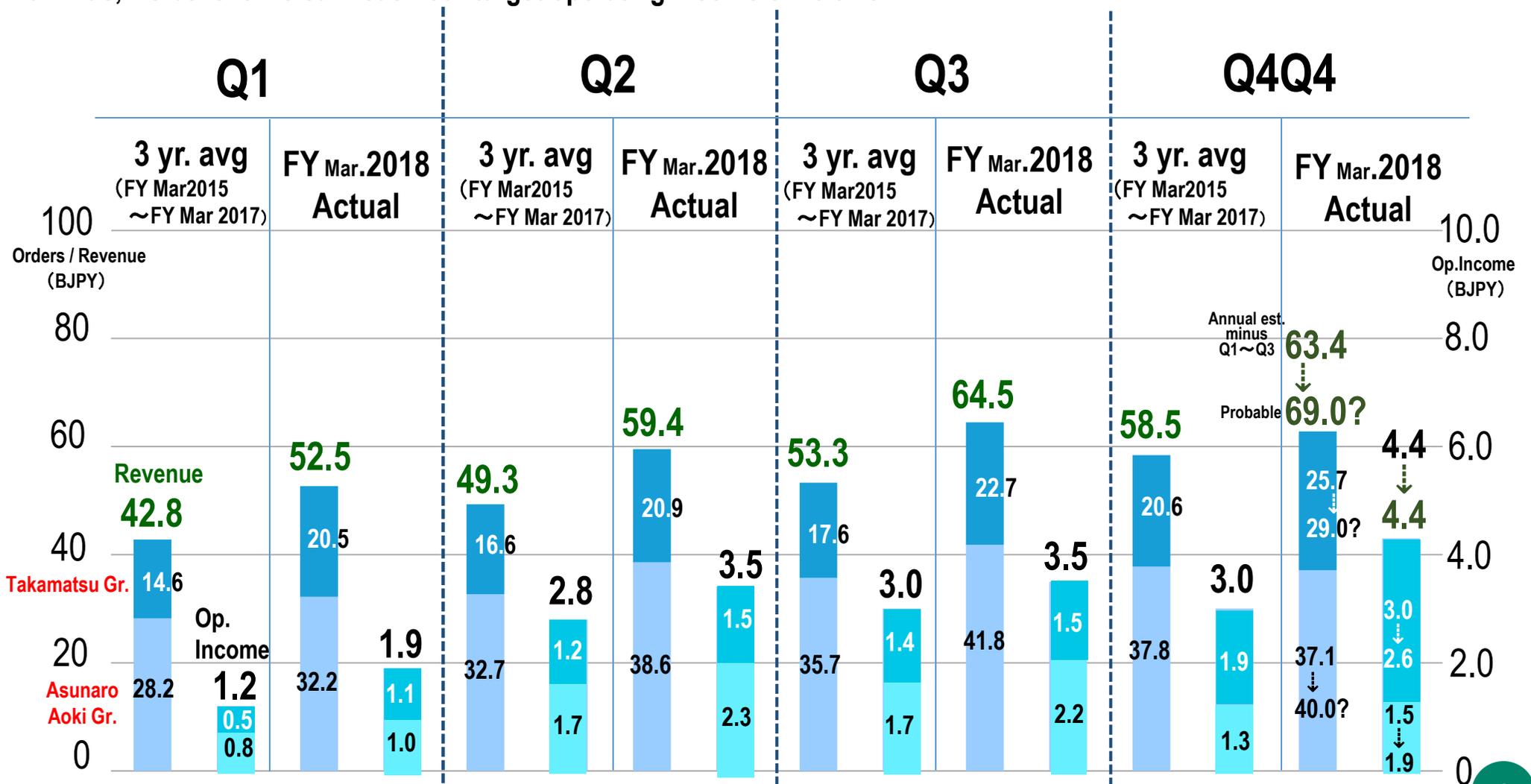
By-Group Orders, Revenue and Operating Income (Consolidated)

1. Orders : Came very close to LY despite lack of large orders that were present in LY.
2. Revenue : Significant increase vsLY. Likely to overshoot revenue target of 240BJPY.
3. Profits : Although Takamatsu Group's operating income increased vsLY, Asunaro Aoki Group's operating income decreased from 6.0BJPY to 5.5BJPY due to LY's highly profitable projects.



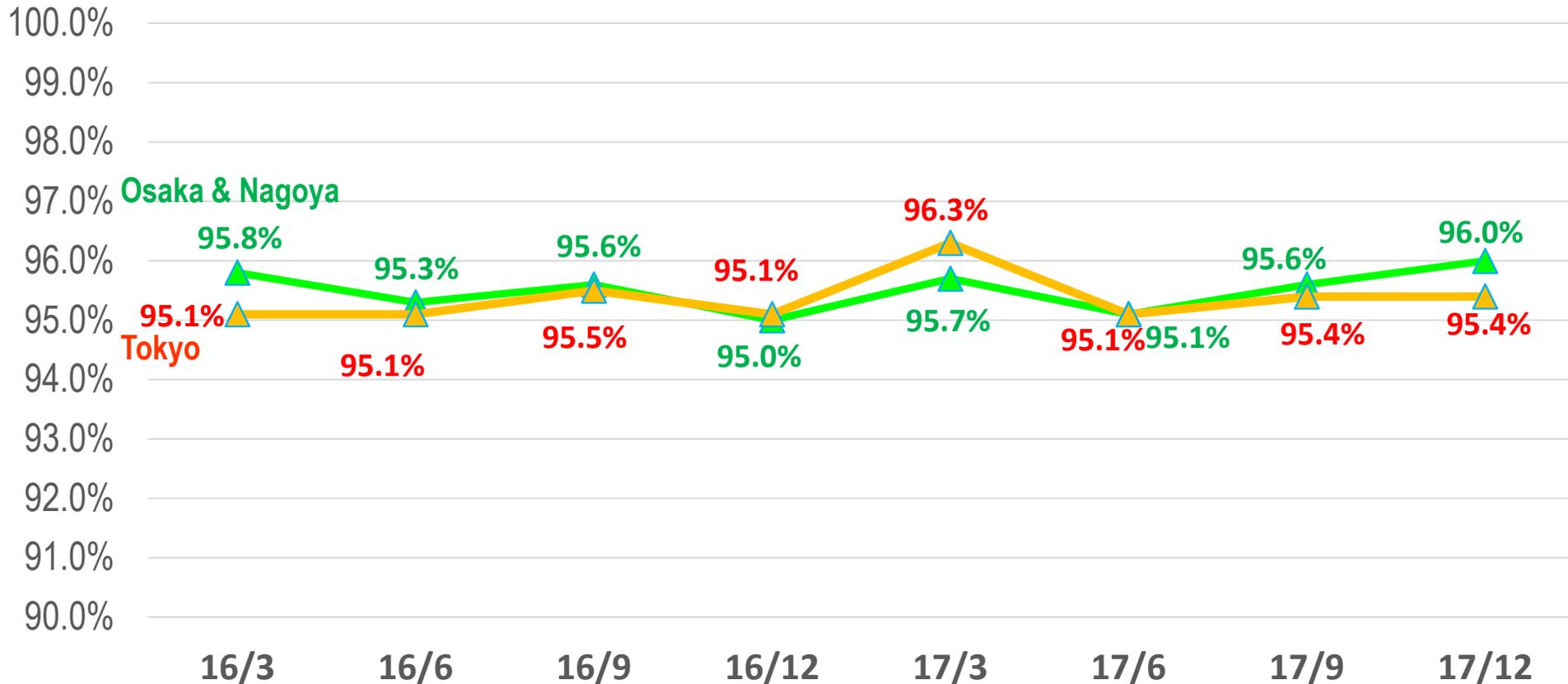
By-Quarter Revenue and Operating Income and Its Outlook (vs. 3 year average, Consolidated)

- The following shows by-quarter revenue & operating income of TCG for the past three year average and FY March 2018.
 - Upper figures of current year Q4 show announced annual estimate minus Q1 thru Q3 actuals.
 - Lower figures show probable figures.
- Concerning our Q4 operating income, Takamatsu Group is likely to undershoot the target, while Asunaro Aoki is likely to overshoot.
- Thus, we believe we can reach our target operating income of 13.9MJPY.



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)