

Results for FY March 2019 Outlook for FY March 2020

Takamatsu Construction Group Co.,Ltd.
Securities Code :1762

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.

Results for FY March 2019

1-1. Previous Records (Consolidated)

1. Orders : Record high, +19.8% vs last FY
2. Revenue : Increased for seven consecutive years and record high for five consecutive years.
3. Operating income : $\Delta 8.7\%$ vs last FY
4. Net earnings : $\Delta 11.7\%$ vs last FY
5. Orders carried forward : Increased for seven consecutive years and record high for four consecutive years.

Record High →
 Billion JPY,
 rounded
 down at 1 digit
 below presented #s

Items	15/3FY	16/3FY	17/3FY	18/3FY	19/3FY	%vs last FY
Orders	225.6	237.7	256.4	254.8	305.2	+19.8%
Revenue	189.2	208.8	214.1	245.1	249.7	+1.9%
Op. Income (%vs revenue)	7.1 (3.8)	10.4 (5.0)	12.9 (6.0)	13.6 (5.6)	12.4 (5.0)	$\Delta 8.7\%$
Non-op. gain/loss	0.0	0.0	$\Delta 0.0$	0.0	$\Delta 0.0$	-
Ordinary income (%vs revenue)	7.2 (3.8)	10.4 (5.0)	12.9 (6.0)	13.7 (5.6)	12.4 (5.0)	$\Delta 9.3\%$
Extraordinary gain/loss	2.0	$\Delta 0.6$	$\Delta 0.9$	$\Delta 1.1$	$\Delta 0.8$	-
Net earnings (%vs revenue)	6.3 (3.4)	5.7 (2.8)	6.5 (3.1)	7.9 (3.2)	7.0 (2.8)	$\Delta 11.7\%$
Orders carried forward	194.7	223.5	265.9	275.6	331.2	+20.1%

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TCG Takamatsu Construction Group

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1-2. By-Segment - By-Group Split (Consolidated)

1. Orders : 305.2 BJPY, +19.8% vs last year
2. Revenue : 249.7 BJPY, +1.9% vs last year. Civil Engineering: $\Delta 0.4\%$, Architecture: $\Delta 1.9\%$, Real Estate: +38.2%
3. Op.income: 12.4 BJPY, $\Delta 8.7\%$ vs last year. Civil Engineering: +1.8%, Architecture: $\Delta 17.4\%$, Real Estate: +46.0%

Takamatsu Construction Group				Orders	Revenue	Op.Income
				19/3	19/3	19/3
				(18/3)	(18/3)	(18/3)
Takamatsu Group				109.2	108.3	6.9
				(107.4)	(108.7)	(6.8)
				+2%	$\Delta 0\%$	+2%
Asunaro Aoki Group				169.7	115.1	7.0
				(128.4)	(117.3)	(8.5)
				+32%	$\Delta 2\%$	$\Delta 17\%$
Civil Engineering				26.2	26.2	1.9
				(18.9)	(18.9)	(1.3)
				+38%	+38%	+46%
Architecture				305.2		
				(254.8)		
				+19.8%		
Real Estate				249.7		
				(245.1)		
				+1.9%		
Sum of Takamatsu Corp., Asunaro Aoki, Mirai Construction and Toko Geotech				135.7	169.6	12.4
				(106.4)	(148.6)	(13.6)
				+28%	+14%	$\Delta 8.7\%$
Revenue				97.3	152.4	
				(92.3)	(153.4)	
				+5%	$\Delta 1\%$	
Op.Income				6.7	6.7	
				(7.0)	(7.6)	
				$\Delta 5\%$	$\Delta 13\%$	

4. Sum of Takamatsu Corp., Asunaro Aoki, Mirai Construction and Toko Geotech occupy 86%, 84% and 85% of orders, revenue and operating profit of the Group, respectively.

Unit: Billion yen. The sum of Op.Income of each segment doesn't match with the total due to admin costs.

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TCG Takamatsu Construction Group

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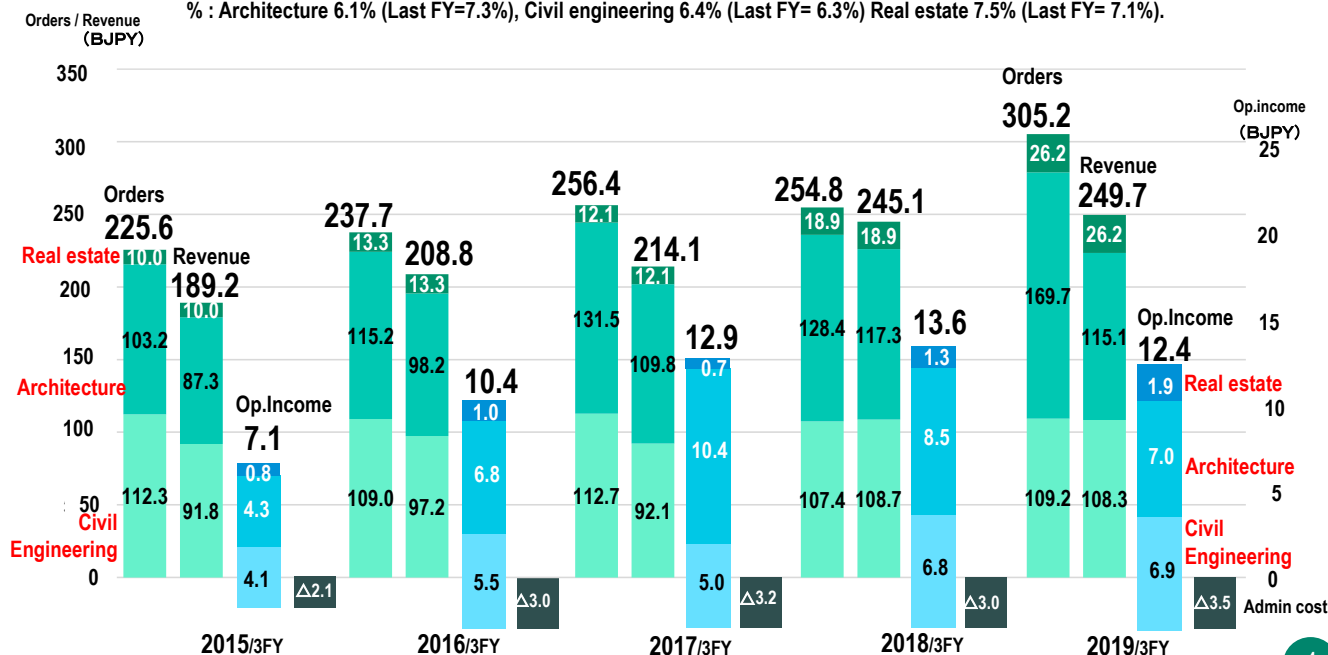
1-3. By-Segment Orders, Revenue and Operating Income (Consolidated)

【Order】 305.2 BJPY, +19.8% vs last FY. Compared with 97major companies of construction industry, which had a 7.1% increase, the increase was significant.
(Architecture: +41.2 BJPY, +32%. Civil engineering +1.8 BJPY, +2%. Real estate +7.2 BJPY, +38%.)

【Revenue】 249.7 BJPY, +1.9% vs last FY.
(Architecture: Δ 2.2 BJPY, Δ 2%. Civil engineering: Δ 0.4BJPY, Δ 0%. Real estate +7.2BJPY, +38%.)

【Op.Income】 12.4BJPY, Δ 8.7% vs last FY. Architecture : 7.0 BJPY, Δ 1.4 BJPY vs last FY. Civil engineering: 6.9 BJPY, +0.1 BJPY vs last FY.
Real estate: 1.9 BJPY, +0.6 BJPY vs last FY.

% : Architecture 6.1% (Last FY=7.3%), Civil engineering 6.4% (Last FY= 6.3%) Real estate 7.5% (Last FY= 7.1%).



TCG Takamatsu Construction Group

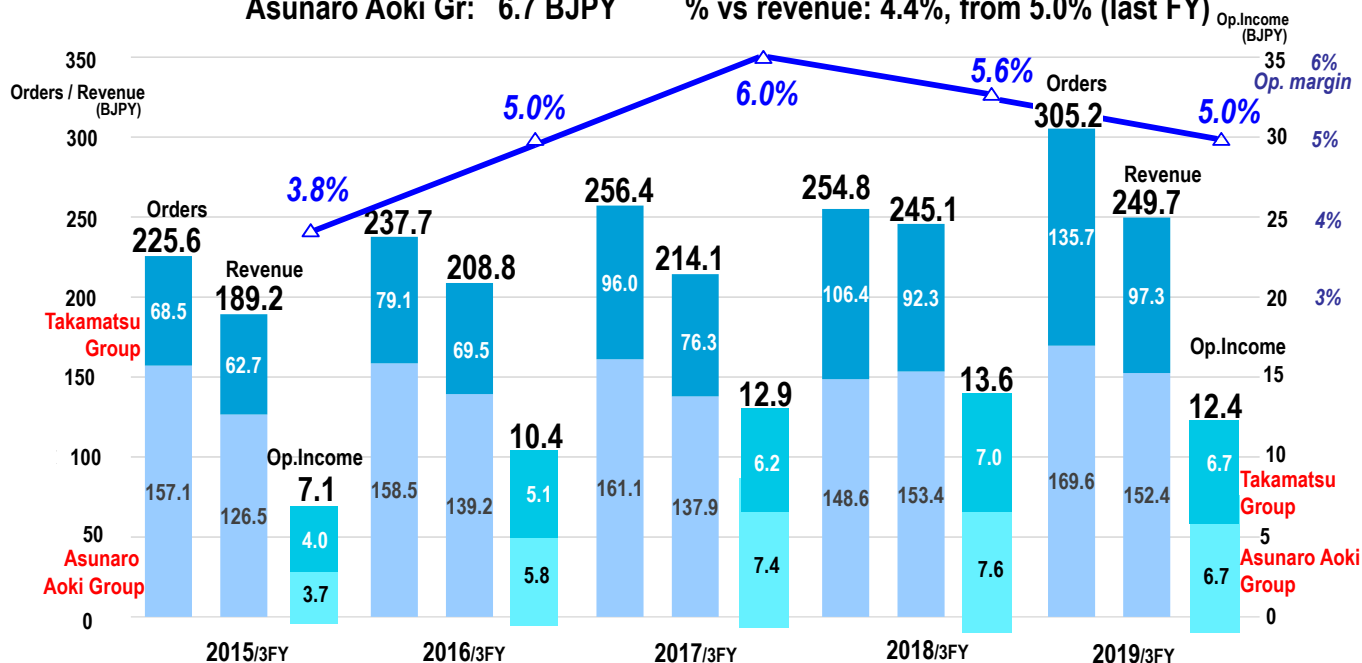
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1-4. By-Group Orders, Revenue and Op.Income (Consolidated)

【Orders】 Takamatsu Gr : 135.7 BJPY, +27.5%, Asunaro Aoki Gr : 169.6 BJPY, +14.1%

【Revenue】 Takamatsu Gr : 97.3 BJPY, +5.5%, Asunaro Aoki Gr : 152.4 BJPY, Δ 0.6%

【Op.Income】 Takamatsu Gr : 6.7 BJPY % vs revenue: 6.9% , from 7.7% (last FY)
Asunaro Aoki Gr: 6.7 BJPY % vs revenue: 4.4%, from 5.0% (last FY)



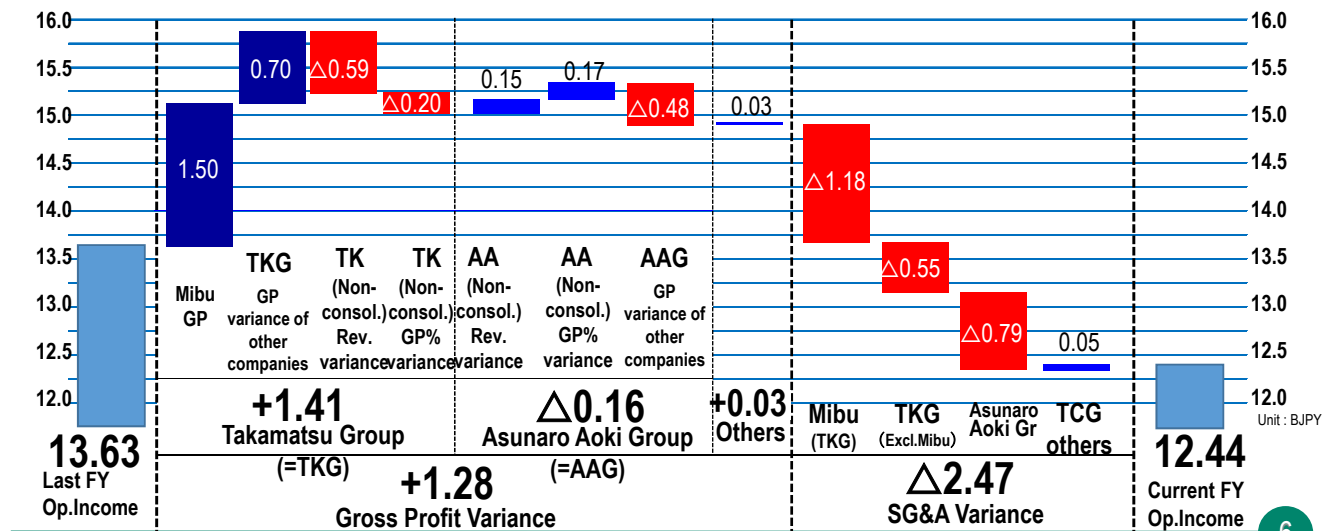
The portion of each figure that does not add up to the total is due to consolidated offsetting and headquarters expenses.

TCG Takamatsu Construction Group

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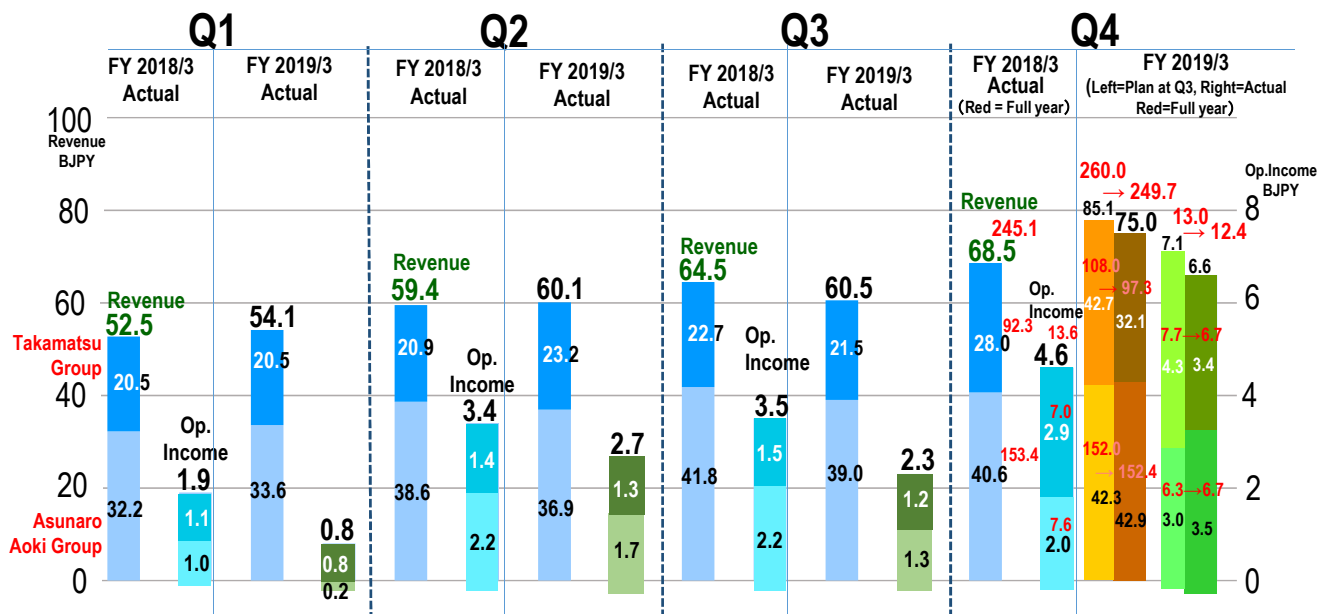
1-5. Explanation of Changes in Operating Income (Consolidated)

- Operating income was 12.44 BJPY, a decrease of 1.19 BJPY from previous year's 13.63 BJPY.
→ Gross profit increase of 1.28 BJPY was significantly less than SG&A increased of 2.47BJPY.
- Out of Takamatsu Gr.'s gross profit increase of 1.41BJPY, gross profit of Mibu Corporation, a new member of the Group, was 1.5BJPY.
- Takamatsu Corporation (Non-consolidated)'s revenue and gross profit % both decreased vs last year, with greater decrease of GP ($\Delta 0.59$ BJPY) through revenue variance caused by prolonged period before start of construction.
- Asunaro Aoki Gr.'s GP declined by 0.16BJPY. Revenue amount and GP% of Asunaro Aoki Non-consolidated increased slightly vs last year. The main reason for gross profit decrease of 0.48 BJPY of "Asunaro Aoki Gr other companies" is due to GP decrease of Mirai Construction.
- SG&A increased by 2.47 BJPY vs last year.
→ New companies of the Group, Mibu Corporation was 1.18 BJPY as well as 0.11BJPY for TCG USA. Excluding them, the increase was 1.18BJPY.
→ Takamatsu Corporation (Non-consolidated) increased SG&A by 0.59 BJPY.
→ Out of Asunaro Aoki Group's increased SG&A of 0.79BJPY, 0.67BJPY is due to increase of Asunao Aoki non-consolidated.



1-6. By-Group - By-Quarter Revenue & Op.Income Results (Consolidated)

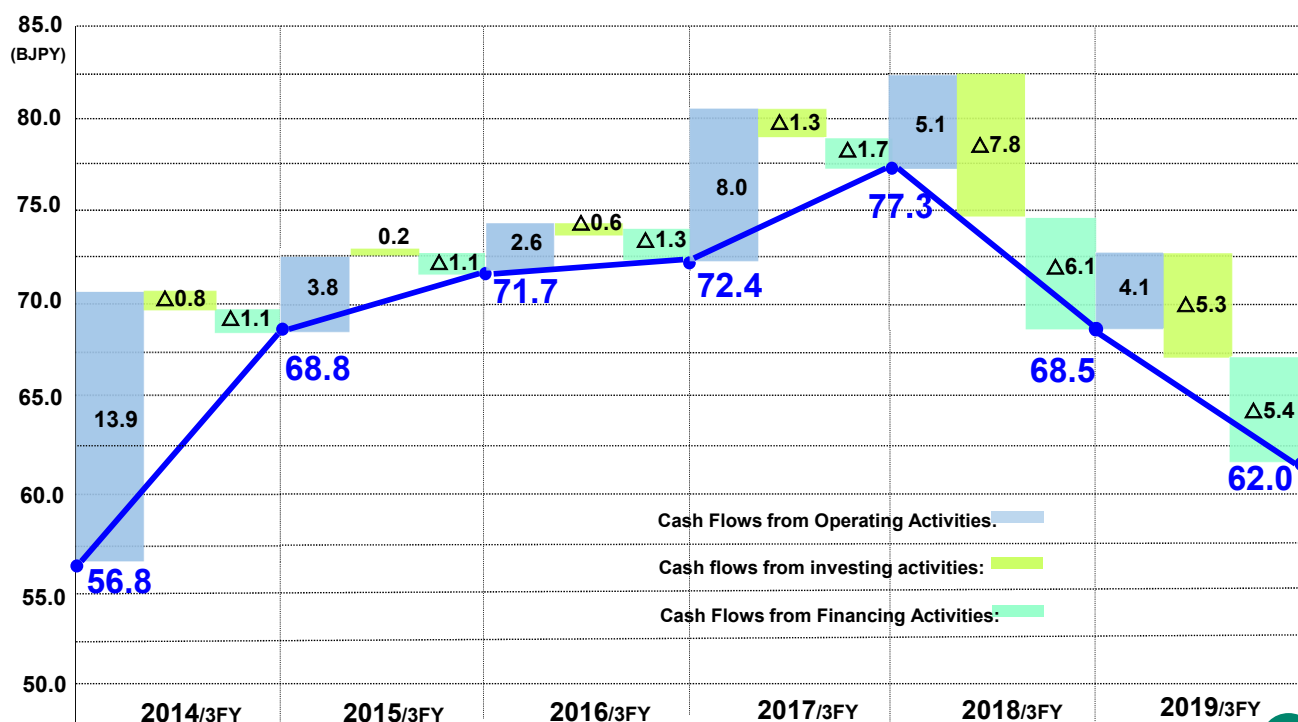
- For Q4, both Groups exceeded last year's revenue and operating income. Went close to achieving plan by completing numerous projects.
→ Asunaro Aoki Group exceeded planned revenue and operating income.
- Takamatsu G was short vs their Q4 targets. The main reasons were Takamatsu Corporation's delayed construction start and difficulties in procuring materials.
- Full-year operating profit was 12.4 BJPY, a shortfall of 0.5BJPY vs plan of 13.0BJPY.
- Net income was 7.0BJPY, a shortfall of 0.2BJPY vs planned 7.2BJPY, but the Group decided to pay 60JPY/share of dividend, which is the same amount with the initial plan, resulting in dividend payout ratio of 29.7%.



Units: Billion JPY. There are parent-company and consolidated adjustments, etc., and the sum of operating income for each group does not match the company-wide total.

1-7. Cash Flow and BS Amount (Consolidated)

1. Cash and equivalents as of March 31, 2019 was 62.0 BJPY, a decrease of 6.5BJPY vs last year.
2. This decrease was due to purchase of fixed assets of TCG USA (1.5BJPY), deposit for TCG Tokyo office transfer (1.1BJPY), increased purchase of reals estate by Mibu Corporation, etc.



1-8. TCG: Balance Sheet for the Fiscal Year Ended March 31, 2019 (Consolidated)

1. Total assets ⇒ 190.5 BJPY, +5.6 BJPY and +3.1% vs last year. Decrease in cash and deposits, increase in fixed assets.

2. Total net assets ⇒ 118.1 BJPY, +4.1 BJPY and +3.6% vs last year.

(Unit: BJPY)

Title of account	18/3FY	19/3FY	Change
Current assets	152.1	154.1	2.0
Cash and deposits	68.5	62.0	△6.4
Notes and accounts receivable	68.1	72.2	4.0
Real estate for sale	7.5	10.1	2.5
Costs on uncompleted construction contracts	0.7	1.5	0.8
Costs on real estate business	0.7	0.6	△0.1
Accounts receivable	5.2	6.2	0.9
Deferred tax assets (Note)	-	-	-
Other	1.2	1.3	0.0
Allowance for doubtful accounts	△0.2	△0.1	0.1
Noncurrent assets (Note)	32.7	36.3	3.6
Tangible assets	19.9	22.5	2.5
Intangible assets	0.4	2.0	1.5
Investments and other assets (Note)	12.3	11.8	△0.5
Investment securities	6.4	5.2	△1.1
Deferred tax assets (Note)	3.6	3.8	0.1
Other	2.5	3.0	0.4
Allowance for doubtful accounts	△0.2	△0.2	0.0
Total assets	184.8	190.5	5.6

Title of account	18/3FY	19/3FY	Change
Current liabilities	58.2	59.7	1.4
Accounts payable for construction contracts	32.5	30.9	△1.5
Income taxes payable	2.3	1.7	△0.6
Advances received	11.0	15.3	4.2
Other	12.2	11.7	△0.5
Long-term liabilities	12.6	12.7	0.0
Retirement allowances	10.6	10.9	0.2
Deferred tax liabilities (Note)	0.2	0.0	△0.2
Other	1.7	1.7	0.0
Total liabilities	70.9	72.4	1.5
Shareholders' equity	100.0	105.1	5.1
Capital stock	5.0	5.0	-
Capital surplus	0.3	0.5	0.1
Retained Earnings	102.1	107.0	4.9
Treasury shares	△7.4	△7.4	-
Accumulated other comprehensive income	△0.3	△1.1	△0.7
Non-controlling interests	14.3	14.1	△0.2
Total net assets	113.9	118.1	4.1
Total liabilities and net assets	184.8	190.5	5.6

NOTE: As the result of changes in accounting standards, the figures at the end of March 2018 were retroactively adjusted (for all listed companies).

→ Deferred tax assets are integrated into fixed assets. Companies with both deferred tax assets and liabilities are able to offset current and non-current deferred tax assets and liabilities.

Outlook for FY March 2020

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2-1. Environment towards FY March 2020 (from New Mid-Term Plan "Create! 2022")

Market environment does not allow optimistic views...

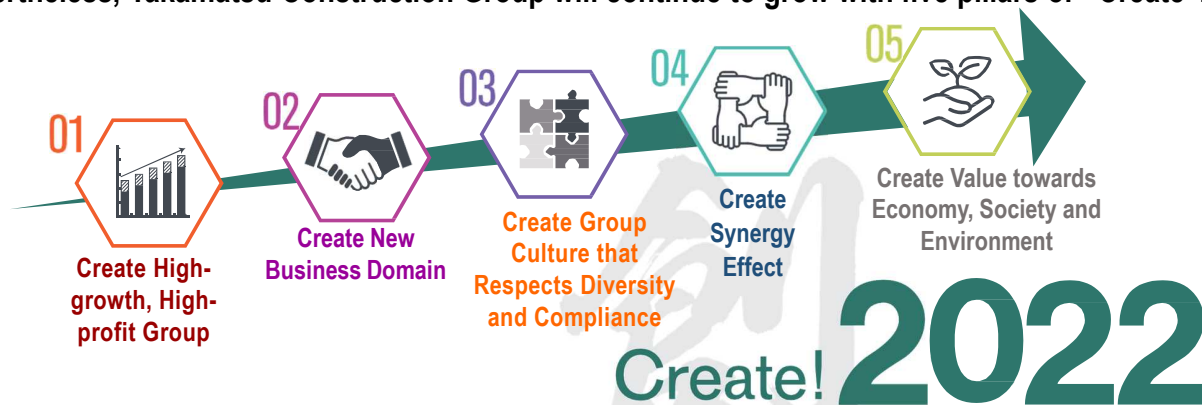
Positive Factors

- We foresee more than three years of domestic construction investment exceeding 50 trillion yen level.
- We foresee high level of household #s to be maintained in Tokyo-Nagoya-Osaka Areas.
- We foresee continued tight market for real estate utilization business of Tokyo-Nagoya-Osaka Areas. We also foresee more growth of non-condominium buildings in comparison to condominiums for rental purpose.

Negative Factors

- Domestic construction investment will start to shrink after 2022, which is our final year of Mid-Term Plan. Population decrease will also accelerate.
- Decrease of overall construction start-ups
- Prolonged time before start of construction in urban areas.
- There is risk of market decline for condominiums for rental purpose if interest rate hike occurs.

Nevertheless, Takamatsu Construction Group will continue to grow with five pillars of "Create"!



Achieving Goals for Fiscal Year March 2020 is a MUST!

2-2. Takamatsu Corporation : Orders and Outlook

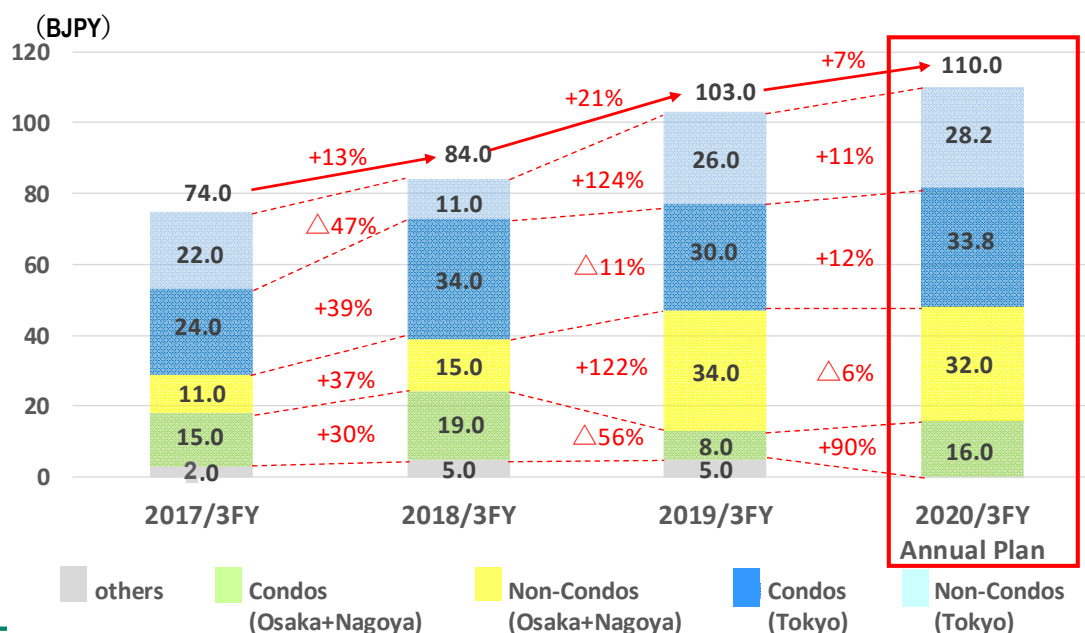
1. Takamatsu Corporation's order amount for 2019/3FY was 103BJPY, growth of 21% vs last year.

Also surpassed planned target of 100BJPY.

2. For 2019/3 FY, Non-condos of Kinki Area recorded high growth vs last year.

3. For 2020/3 FY, Order amount target is mild at 110BJPY (+7% \nearrow).

However, revenue target is aggressive at 84BJPY (+26% \nearrow) by turning abundant carryforward orders.

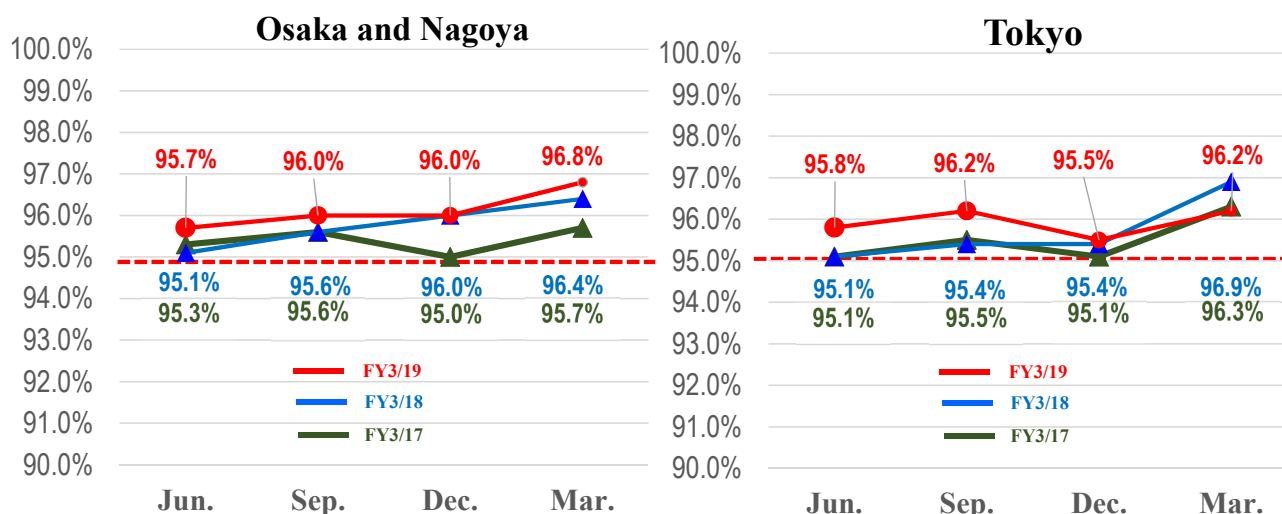


2-3. Occupancy Rate of Condominiums Built by Takamatsu Corp.

1. Occupancy rate is continuing to show above 95% for both Tokyo and Osaka+Nagoya for March 2019.

2. We believe rental condominium market is continuing to be tight for Tokyo and Osaka+Nagoya.

3. Although there are views that occupancy rate will drop for Tokyo, Osaka and Nagoya, we believe demand towards Takamatsu Corp. is remote from this view since Takamatsu Corp. concentrates in near-station locations of the three cities.



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)

2-4. Foundation of Takamatsu House and M&A of Tatsumi Planning

Takamatsu House and Tatsumi Planning, together with Mibu Corporation that joined our Group in April 2018, will concentrate in individual house construction.

We develop this new line of business to be the third pillar of business following Takamatsu and Asunaro Aoki Groups.

■ Takamatsu House

Established: Apr. 2019

Business : Wooden individual residence business, planning and administration of real estate

■ Tatsumi Planning Co., Ltd.

Group Participation: May 2019

Established: May 2019

(Planned to be established on May 15 as the result of corporate split from the former Tatsumi Planning Co., Ltd. owned by Rizap Group)

Business : Design and construction of wooden individual residence and renovation

Both companies will be consolidated to our Group for fiscal year ending March 2020, and will contribute to the increased order and revenue.



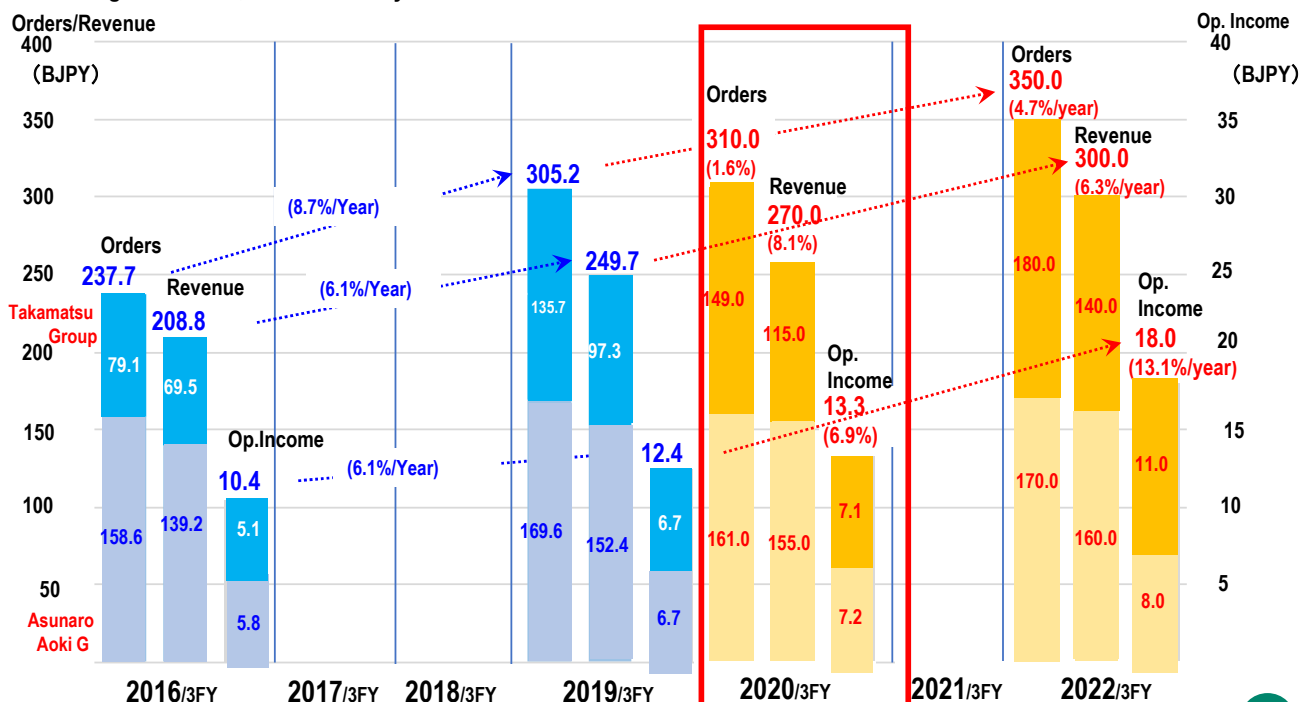
Tatsumi Planning Headquarters



Residence designed and constructed by Tatsumi Planning

2-5. FY March 2020 Outlook and New Mid-Term Plan "Create! 2022"

1. Orders : 310BJPY, +1.6% vs FY Mar.2019, relatively mild growth due to strong orders received in FY March 2019. Takamatsu Group to grow by +10% while Asunaro Aoki Group decreases slightly.
2. Revenue: 270BJPY, growth of 8.1% vs last year. Takamatsu Group +18%, Asunaro Aoki Group +2%.
3. Op. Income: 13.3BJPY, +6.9% vs last year. Takamatsu Gr. to increase from 6.7→7.1BJPY, Asunaro Aoki Gr. 6.7→7.2BJPY.
4. Net Earnings : 7.3BJPY, +4.0% vs last year.



2-6. FY March 2020 and New Mid-Term Plan "Create! 2022"

1. Aggressive recruiting of new graduates will continue to realize continuous growth.
2. Operating income per employee will remain at the same level in FY March 2020 vs last year, but will turnaround afterwards and be back at previous record high level in FY March 2022 (final year of Mid Term Plan).
3. ROE for FY March 2020 will also remain at last year's level, but aims to reach 9.0% in FY March 2022.
4. Dividend payout ratio hiked to 29.7% from the previous target of 25%.
This 30% level will be maintained in future years.

Item			2017/3	2018/3	2019/3	2020/3	2022/3	
			Actual	Actual	Actual	Target	Target	Change vs 19/3
Personnel	Number of employees	Headcount	3,372	3,577	3,915	4,200	4,800	22.6%
	New graduates hired	Headcount	161	178	238	218	256	7.6%
Productivity	Op. income per employee	MJPY	3.8	3.8	3.2	3.2	3.8	18.0%
Efficiency	ROE	%	7.0	8.1	6.9	6.9	9.0	+2.1p
	Net earnings per share (excluding treasury stock)	JPY	183	223	202	210	310	53.5%
Return	Dividend payout ratio	%	23.5	25.1	29.7	30.0	30.0	
	Dividend per share	JPY	43	56	60	63	93	55.0%