

Results for Q1, FY March 2020

Takamatsu Construction Group Co.,Ltd.

Securities Code :1762

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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 2022 and Growth Image of Takamatsu Construction Group (Same with Mid Term Plan disclosure of May 2019)

Market environment does not allow optimistic views...

Positive Factors

- We foresee three consecutive 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 rapid decline of market for condominiums for rental purpose due to interest rate hike.

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



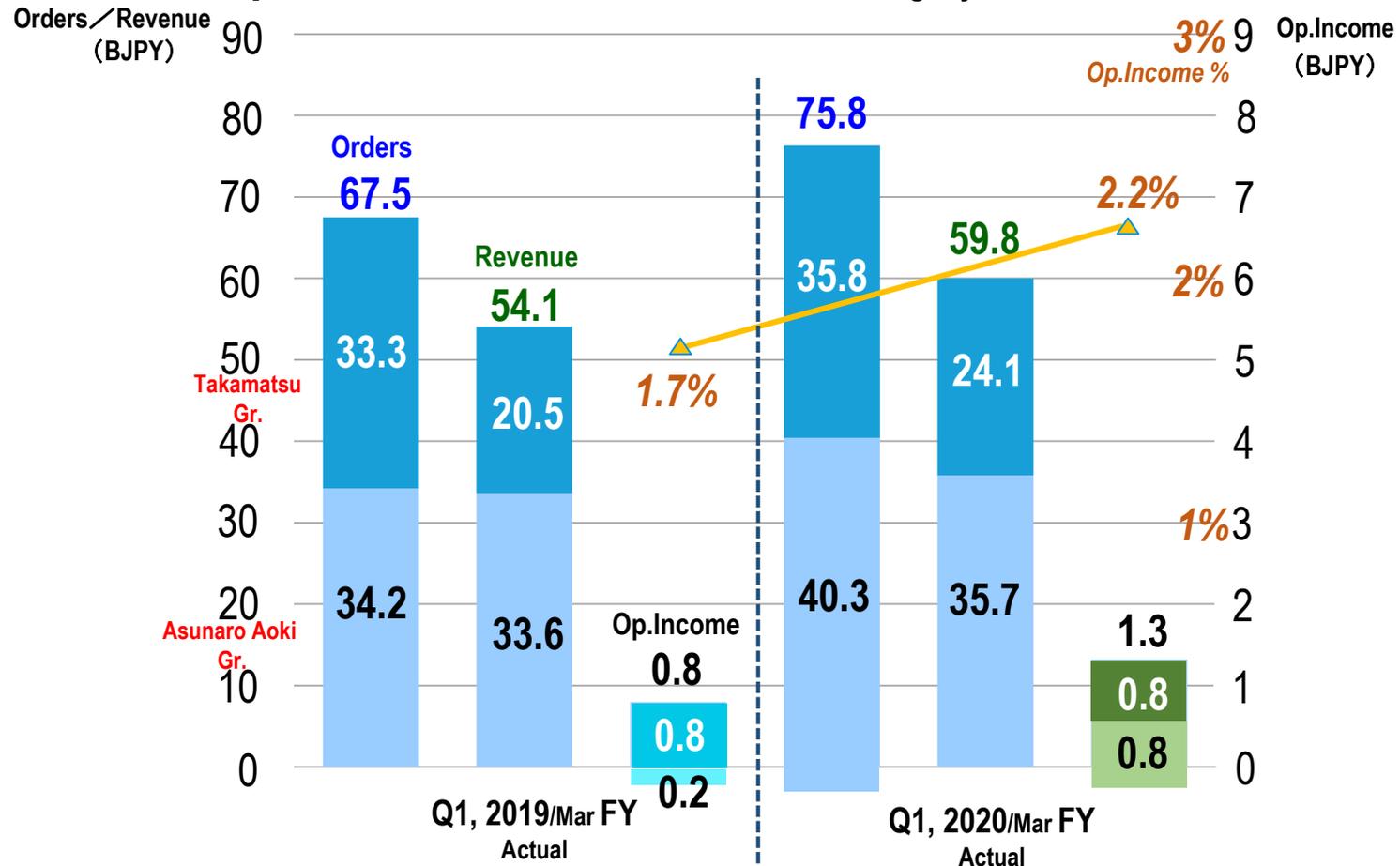
Results for Q1, FY 2020 March (Consolidated)

1. **Orders** : +12.2% vs last year. Record high as Q1.
2. **Revenue** : +10.4% vs last year. Grew 8 consecutive years, record high for 7 consecutive years as Q1.
3. **Income** : Gross profit, operating income and ordinary income increased significantly.
However, net earning decreased slightly vs. last year due to increase of extraordinary loss (loss on valuation of investment securities), increase of income taxes as well as increase of non-controlling interest net earnings caused by increased profit of Asunaro Aoki Gr.

Item (In Billion JPY)	FY2019/Mar Q1		FY2020/Mar Q1	+/- (%)
Orders	67.5	↗	75.8	+12.2%
Revenue	54.1	↗	59.8	+10.4%
Gross Profit (% vs Revenue)	6.3 (11.8%)	↗	7.4 (12.4%)	+16.1%
Operating Income (% vs Revenue)	0.8 (1.7%)	↗	1.3 (2.2%)	+47.7%
Ordinary Income (% vs Revenue)	0.9 (1.7%)	↗	1.3 (2.3%)	+45.5%
Net earnings attributable to controlling interest (% vs Revenue)	0.4 (0.9%)		0.4 (0.7%)	△8.9%

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

1. Orders increased by 12.2% to 75.8BJPY. Both Takamatsu Gr. and Asunaro Aoki Gr. increased.
(Takamatsu Gr. +7.5% Asunaro Aoki Gr. +17.9%)
2. Revenue increased by 10.4% to 59.8BJPY. Both Takamatsu Gr. and Asunaro Aoki Gr. increased.
(Takamatsu Gr. +17.7% Asunaro Aoki Gr. +6.3%)
3. Operating Income increased by 47.7% to 1.3BJPY. Takamatsu Gr. decreased slightly, while Asunaro Aoki Gr. increased by 0.6BJPY.



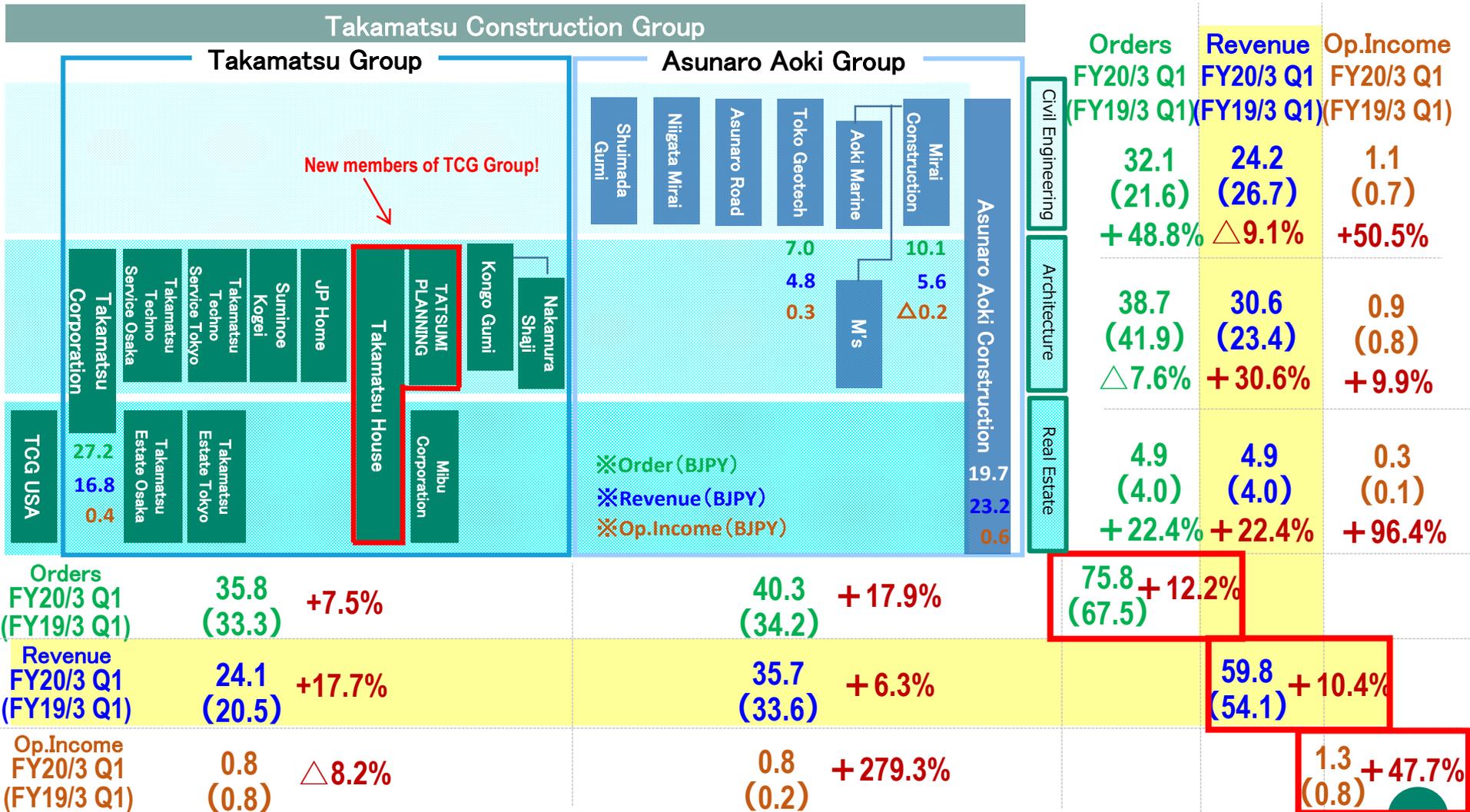
Orders for Q1, 2020/Mar FY #s inside bars don't match with the total due to orders from other segment groups.

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

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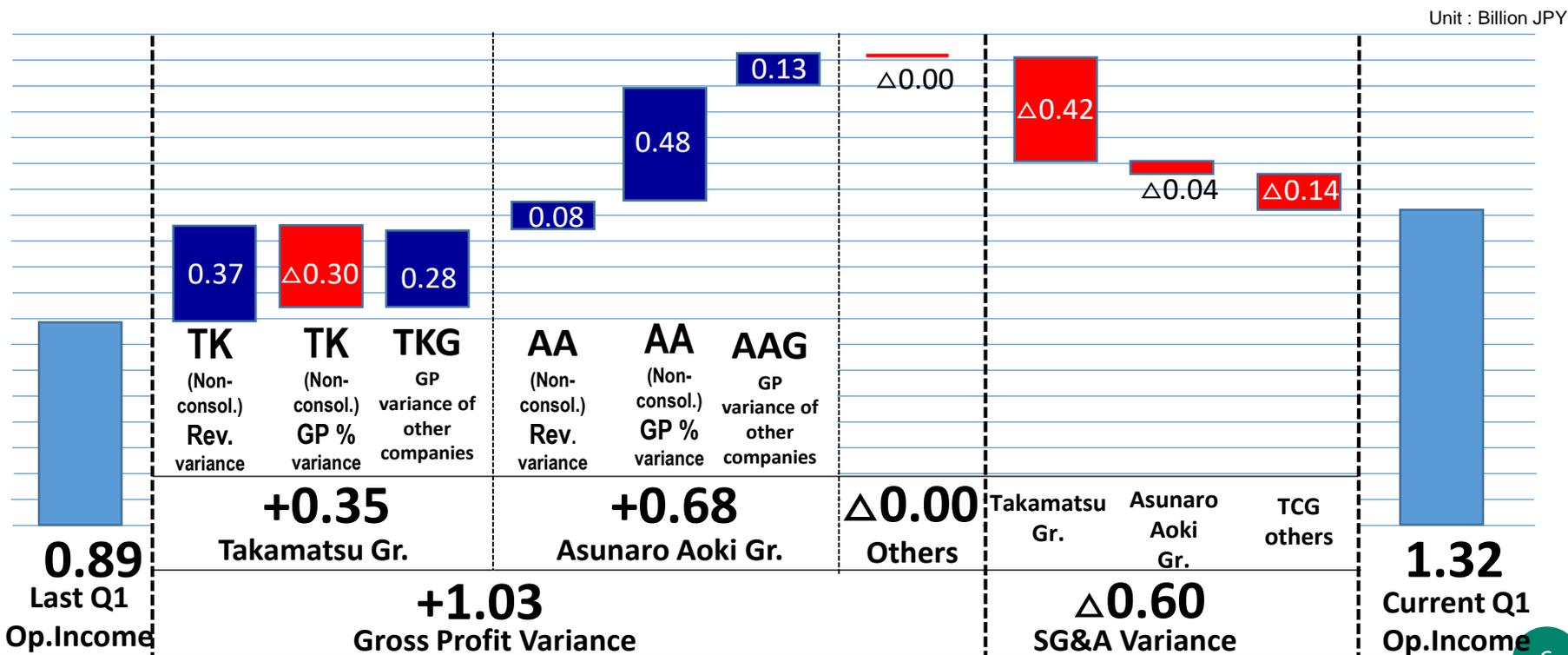
By-Segment・By-Group Split (Consolidated)

- Orders increased by 12.2% to 75.8BJPY. Civil Engineering grew significantly vs last year due to strong Asunaro Aoki Gr., but architecture decreased.
- Revenue increased 10.4% to 59.8BJPY. Both Takamatsu Gr. and Asunaro Aoki Gr. grew.
As TCG, civil engineering decrease by 9.1%, architecture increased by 30.6%.
- Operating income increased by 44.7% to 1.3BJPY. Takamatsu Gr. decreased slightly, but Asunaro Aoki Gr. increased significantly.



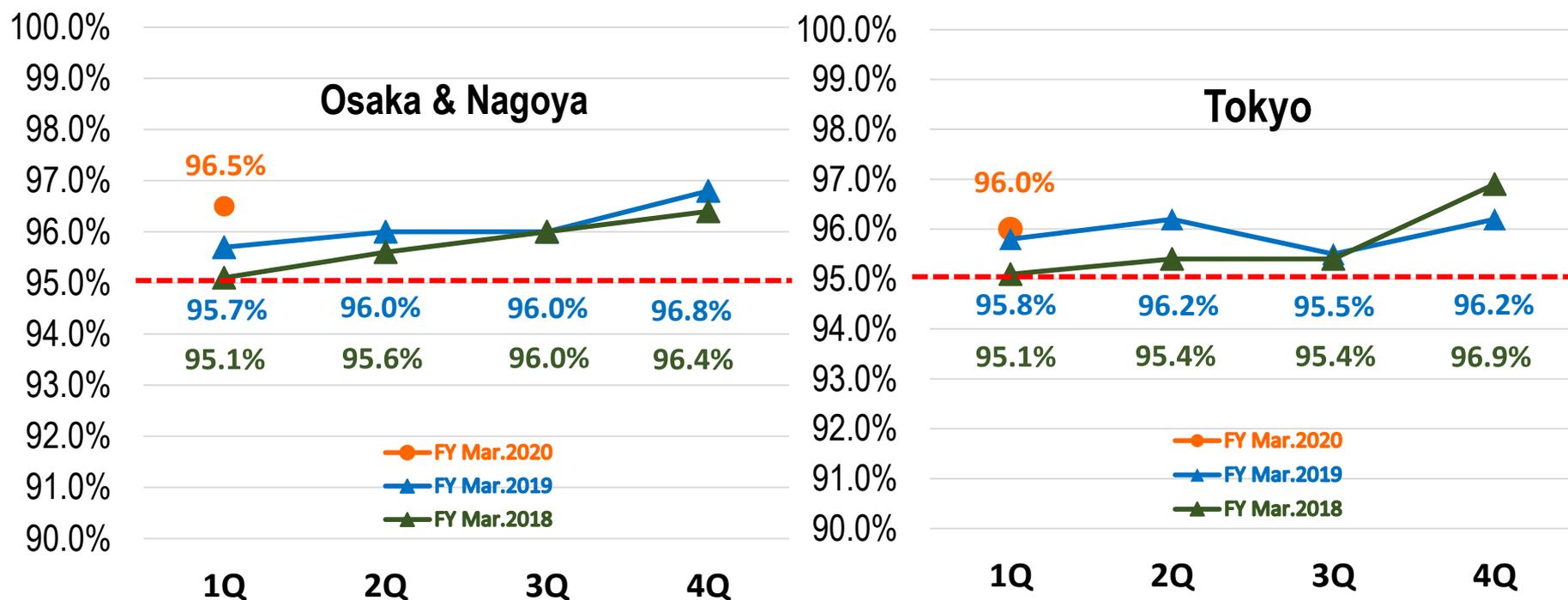
Explanation of Shortfall of Operating Income vs. Last Year (Consolidated)

- Operating income increased from 0.89BJPY (last year) to 1.32 BJPY due to 1.03BJPY increase of GP exceeding 0.60BJPY increase of SG&A.
- Gross profit of Takamatsu Group increased by 0.35BJPY. Takamatsu Corporation GP also increased, with its revenue on track with plan.
- Takamatsu House and Tastumi Planning joined our Group, however almost no impact to Q1 PL.
- Gross profit of Asunaro Aoki Gr increased by 0.68BJPY.
→ GP% of Asunaro Aoki UNconsolidated improved from 7.1% (last year) to 9.5%.
- SG&A increased by 0.60 BJPY.
→ Takamatsu Gr. increased by 0.42BJPY, of which 0.34BJPY is Takamatsu Corporation with its major portion coming from personnel expense.
→ The major portion of “TCG others” is rent of new Tokyo Office building (this will be allocated to each Group company’s PL from Q2).



Occupancy Rate of Condominiums Built by Takamatsu Corporation

1. Occupancy rate is continuing to show above 95% for both Tokyo and Osaka+Nagoya for June 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 through aging, we believe Takamatsu Corp. is remote from this view since Takamatsu Corp. concentrates in urban and near-station locations of the three cities, where population is still increasing.



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)