

Results for Q3, FY March 2020

Takamatsu Construction Group Co.,Ltd.

Securities Code :1762

February 12, 2020

Results for Q3, FY 2020 March (Consolidated)

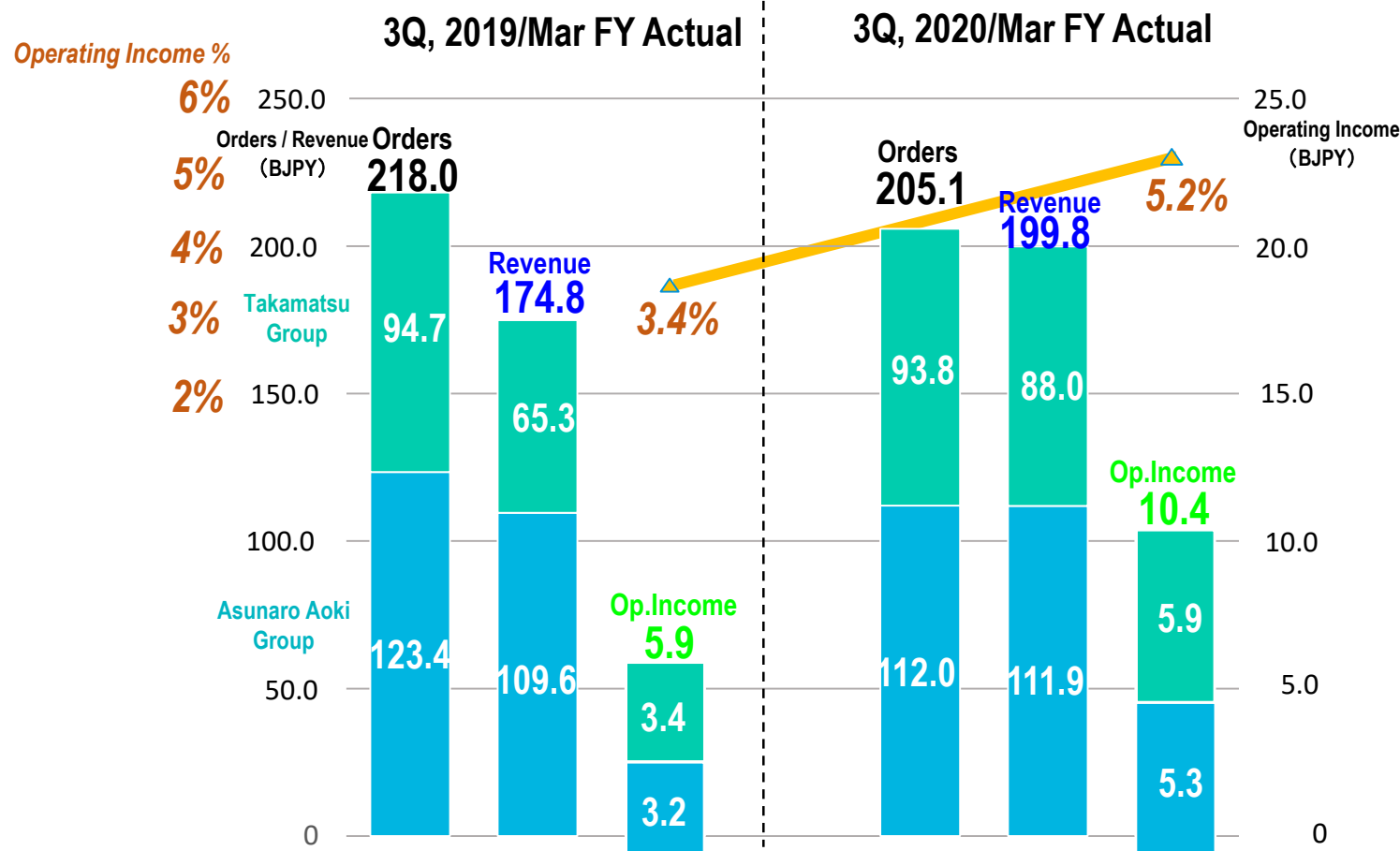
1. Orders : $\Delta 5.9\%$ vs last year.
2. Revenue : $+14.3\%$ vs last year. Record high as Q3.
3. Income : Gross Profit, Operating Income, Ordinary Income and Net earnings attributable to controlling interest increased significantly.
Both Operating Income and Ordinary Income were record high as Q3.
Asunaro Aoki Construction Co.,Ltd. became wholly owned subsidiary of TCG on November 11, 2019. TCG captured 100% of Asunaro Aoki 's net earnings starting from Q3 of FY 2020 March.
4. Orders carried forward : Although work in progress turned into revenue smoothly, orders carried forward continued to increase.

Unit:BJPY

	FY2019/Mar 3Q	FY2020/Mar 3Q	+/- (%)
Orders	218.0	205.1	$\Delta 5.9\%$
Revenue	174.8	199.8	$+14.3\%$
Gross Profit (% vs Revenue)	22.4 (12.9%)	28.9 (14.5%)	$+28.8\%$
Operating Income (% vs Revenue)	5.9 (3.4%)	10.4 (5.2%)	$+75.6\%$
Ordinary Income (% vs Revenue)	5.9 (3.4%)	10.1 (5.1%)	$+69.8\%$
Net earnings attributable to controlling interest (% vs Revenue)	3.2 (1.8%)	5.7 (2.9%)	$+77.7\%$
Orders carried forward	318.8	336.5	$+5.5\%$

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

- 1.Orders : $\Delta 5.9\%$ vs last year.
Takamatsu Group : $\Delta 0.8\text{BJPY}$ ($\Delta 0.9\%$) , Asunaro Aoki Group : $\Delta 11.4\text{BJPY}$ ($\Delta 9.2\%$) vs last year.
- 2.Revenue : Record high as Q3. $+14.3\%$ vs last year.
Takamatsu Group : $+22.7\text{BJPY}$ ($+34.7\%$) , Asunaro Aoki Group : $+2.2\text{BJPY}$ ($+2.1\%$) vs last year.
- 3.Operating Income : Significant increase of $+75.6\%$ vs last year.
Takamatsu Group : $+2.5\text{BJPY}$ ($+75.9\%$) , Asunaro Aoki Group : $+2.0\text{BJPY}$ ($+62.0\%$) vs last year.
4. Operating Income % : 5.2% , $+1.8\text{pt}$ improvement vs last year of 3.4% .



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

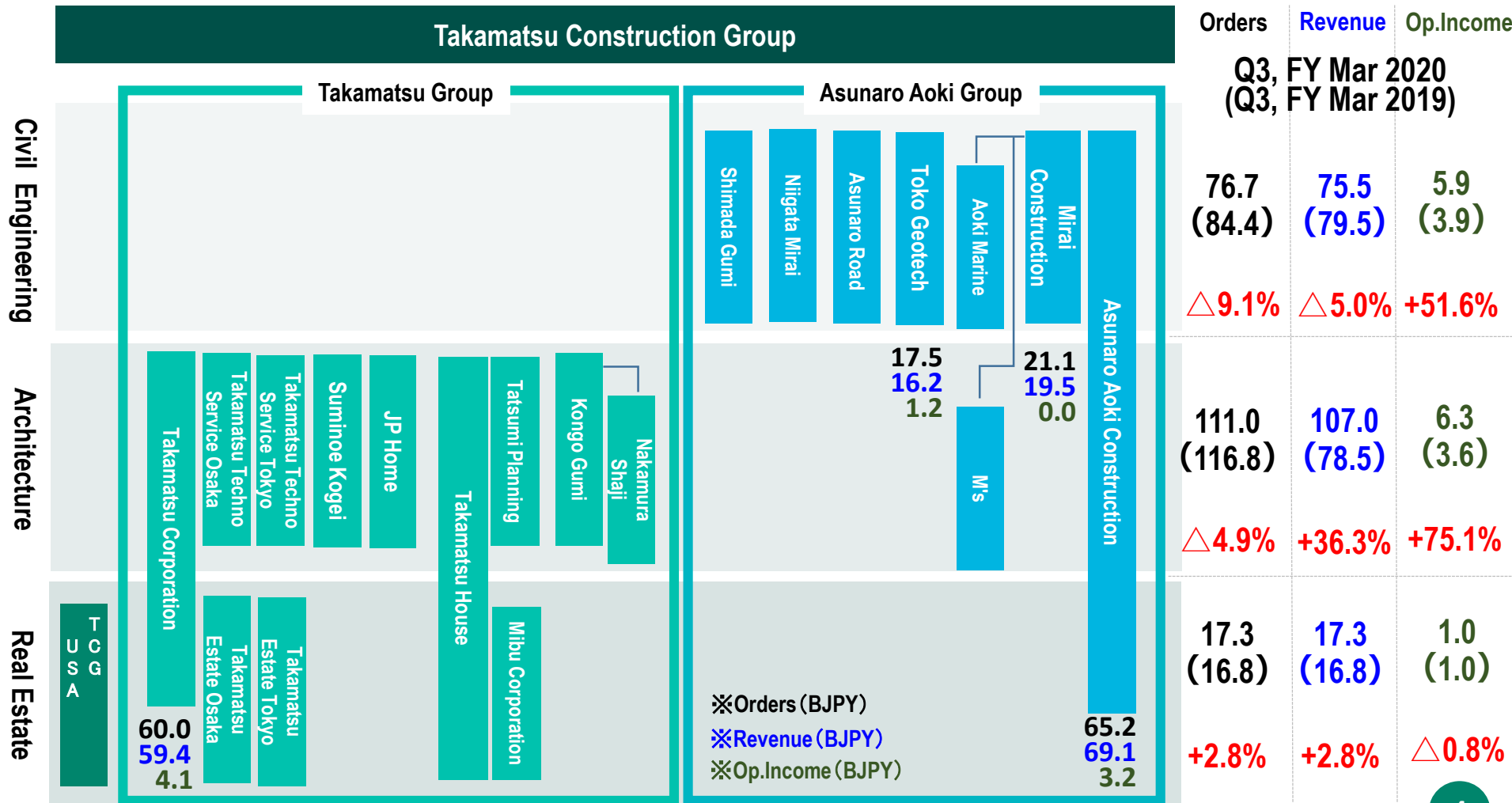
TCG : By-Group Split (Consolidated)

- Orders :** Takamatsu Group: $\Delta 0.8$ BJPY. Takamatsu Techno (Osaka / Tokyo) and Takamatsu Estate (Osaka / Tokyo) had strong performance, but dragged by Takamatsu Corporation's $\Delta 10.1$ BJPY.
Asunaro Aoki Group: $\Delta 11.4$ BJPY. Asunaro Aoki Construction: $\Delta 8.6$, Mirai Construction: $\Delta 1.5$, Toko Geotech: $\Delta 0.9$.
- Revenue :** Takamatsu Group: $+22.7$ BJPY. Takamatsu Corporation's $+15.7$ BJPY greatly contributed to the performance.
Asunaro Aoki Group: $+2.2$ BJPY. Asunaro Aoki Construction: $+6.2$, Mirai Construction: $\Delta 3.7$.
- Op.Income :** Takamatsu Group: $+2.5$ BJPY. Takamatsu Corporation: $+2.0$.
Asunaro Aoki Group: $+2.0$ BJPY. Asunaro Aoki Construction: $+1.6$.

Takamatsu Construction Group												
Asunaro Aoki Group												
Civil Engineering												
Architecture												
Real Estate												
Orders												
Q3, FY Mar 2020		93.8		△0.9%		112.0		△9.2%				
(Q3, FY Mar 2019)		(94.7)				(123.4)						
Revenue												
Q3, FY Mar 2020		88.0		+34.7%		111.9		+2.1%				
(Q3, FY Mar 2019)		(65.3)				(109.6)						
Op.Income												
Q3, FY Mar 2020		5.9		+75.9%		5.3		+62.0%				
(Q3, FY Mar 2019)		(3.4)				(3.2)						

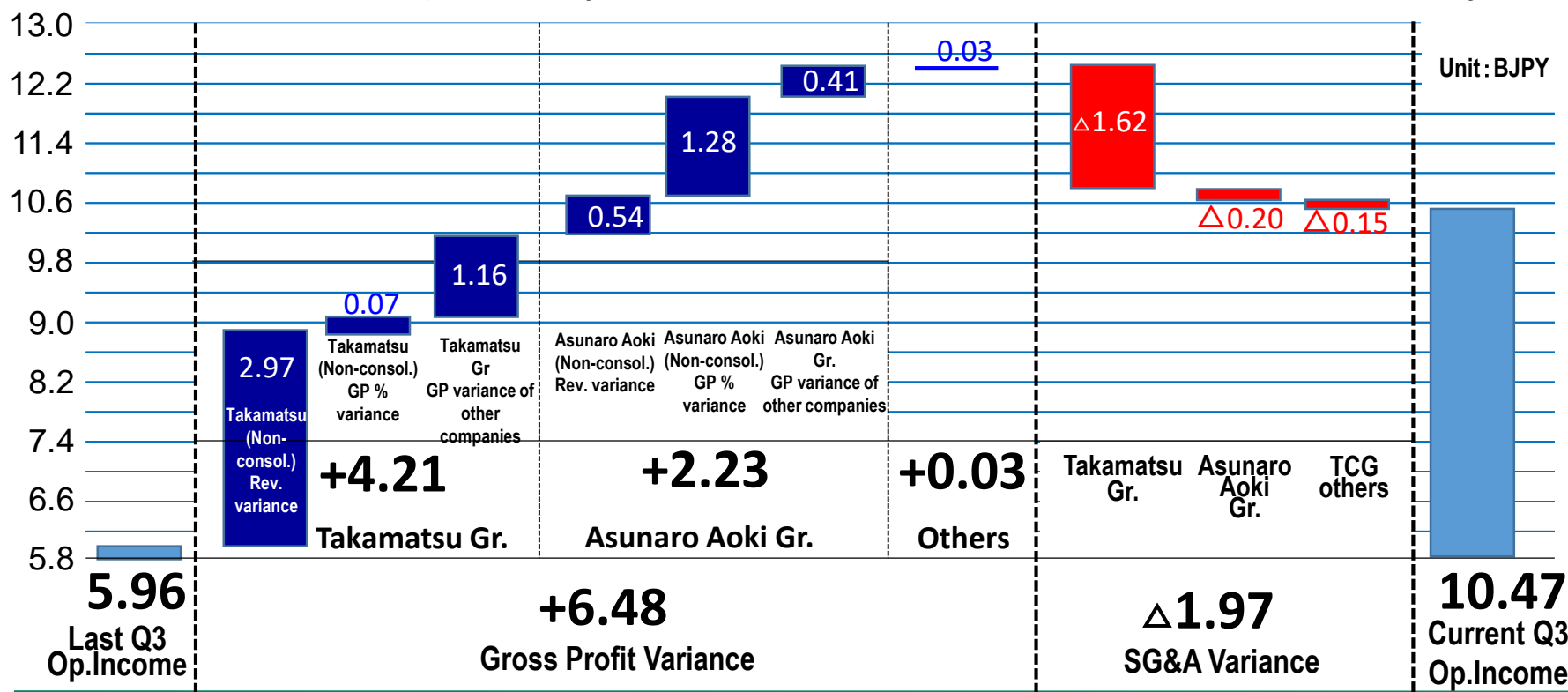
TCG : By-Segment Split (Consolidated)

- Orders :** Both civil engineering and architecture decreased. Decrease in architecture mainly by Takamatsu Corp. and Asunaro Aoki Construction. Decrease in Asunaro Aoki Construction was due to backlash of large-scale housing complex and PFI orders of last year. Decrease in civil engineering mainly by Asunaro Aoki Construction and Mirai Construction.
- Revenue :** Civil engineering decreased, but architecture increased significantly due to steady progress of construction by Takamatsu Corporation.
- Op.Income :** Both civil engineering and architecture increased significantly. Increase in civil engineering was due to Asunaro Aoki Construction. Increase in architecture was due to Takamatsu Corporation.



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

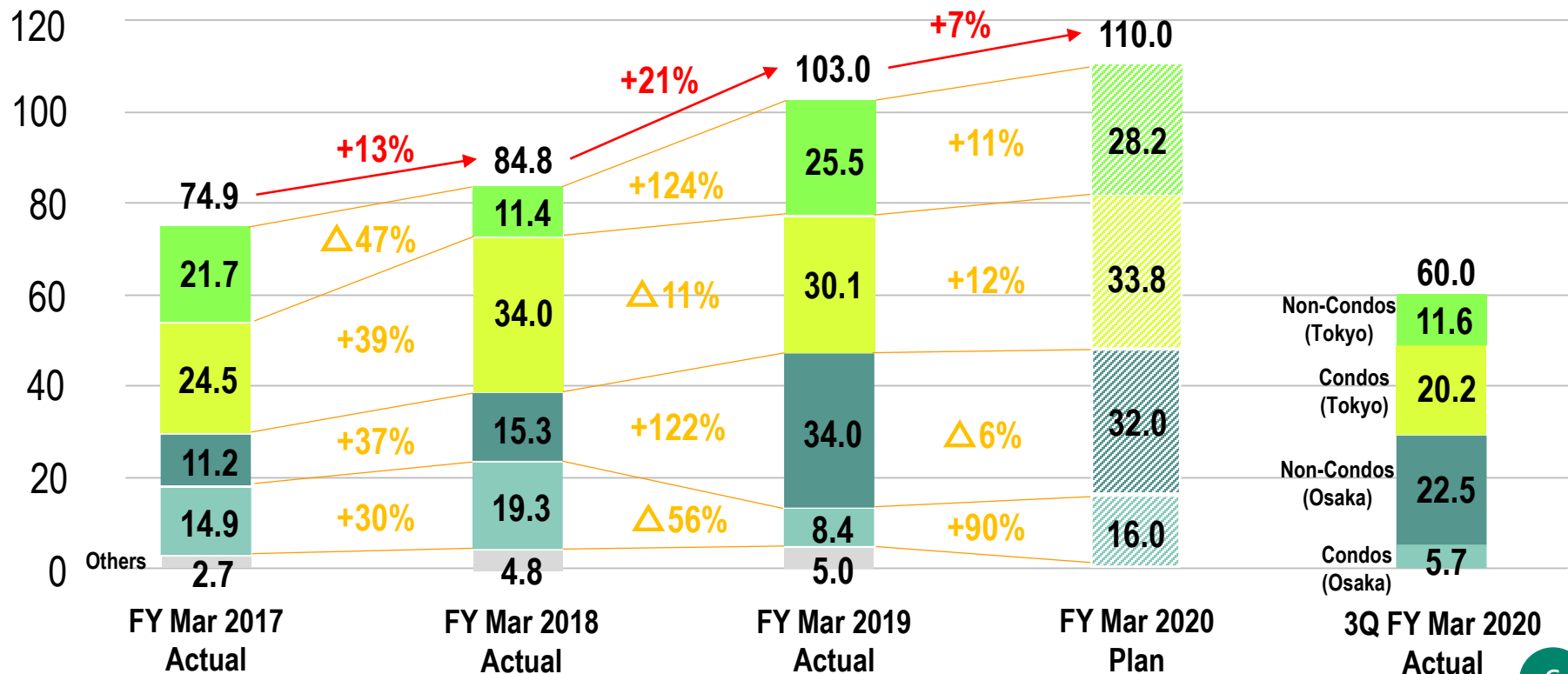
- Operating Income increased by 4.50BJPY to grow from 5.96BJPY to 10.47BJPY.
- The first reason for this growth is due to increase of gross profit of 6.48BJPY realized through revenue growth of 14.3% (24.9BJPY).
- Gross profit of Takamatsu Group increased by 4.21BJPY. Gross Profit of Takamatsu Corporation increased due mainly to increase of revenue. Gross profit of Tatsumi Planning (new Group company) was 0.43BJPY.
- Gross profit of Asunaro Aoki Group increased by 2.23BJPY. Gross profit of Asunaro Aoki Construction increased by 1.82BJPY due mainly to improvement of gross margin.
- SG&A increased by 1.97BJPY as TCG Group.
 - SG&A of Takamatsu Group increased by 1.62BJPY. SG&A of Takamatsu Corporation increased by 0.96BJPY, out of which personnel cost increased by 0.68BJPY. SG&A of new Group companies (Tatsumi Planning and Takamatsu House) were 0.50BJPY.
 - SG&A of Asunaro Aoki Group increased by 0.20BJPY, out of which SG&A of Asunaro Aoki Construction increased by 0.14BJPY.



Takamatsu Corporation : Orders and Its Outlook (Non-consolidated)

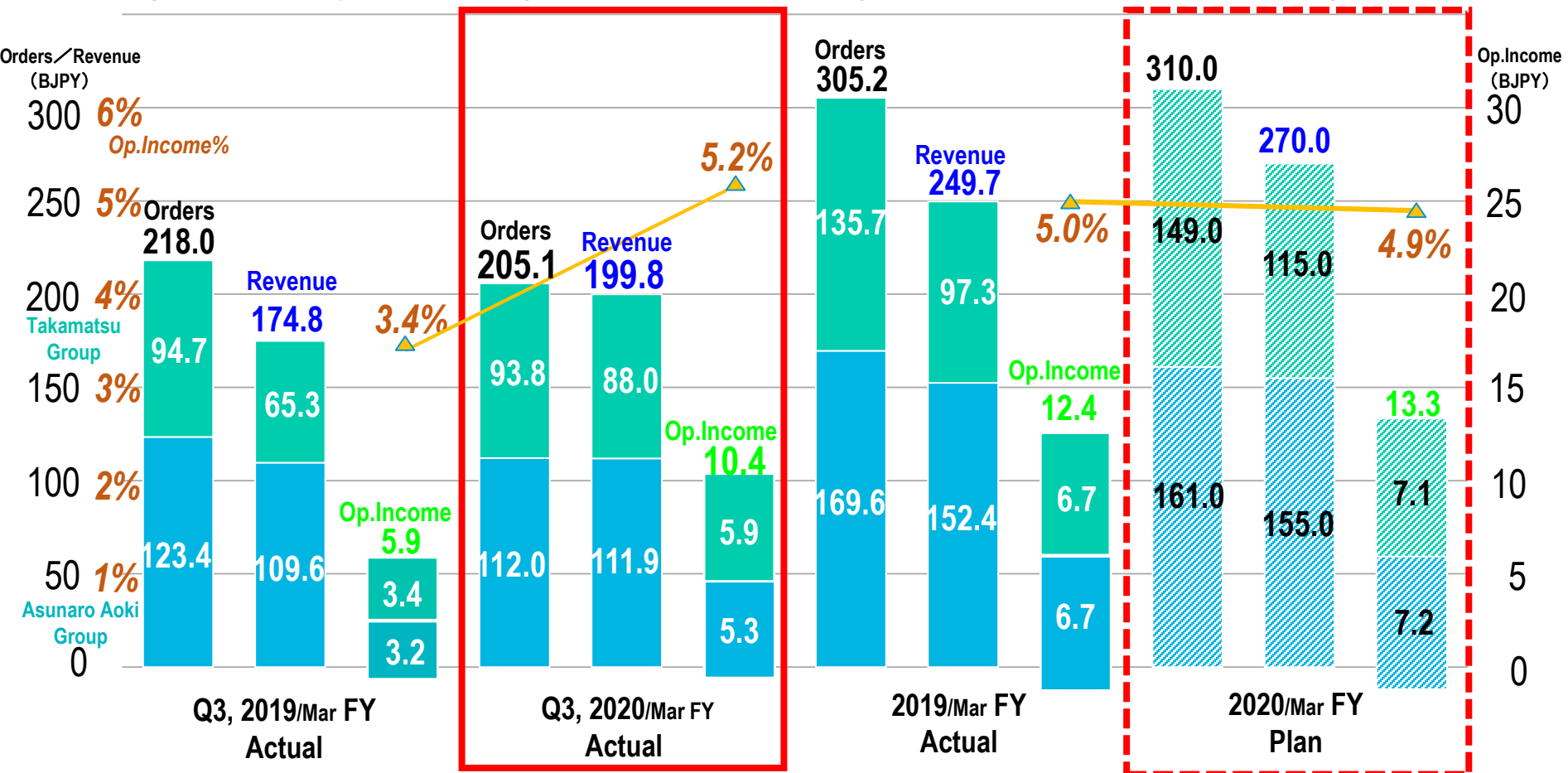
- Orders for Q3 was 60.0BJPY, struggling vs annual plan of 110.0BJPY.
→ One reason of this stagnant figure is because Takamatsu Corp stopped to record orders for projects with uncertain construction start period derived from stricter of order recording criteria.
→ Revenue of FY Mar 2020 is well beyond track due to abundant carryover orders from FY Mar 2019.
→ Dec. 2020 carryforward order is 143.9BJPY, still increasing vs. Dec. 2018 (133.7BJPY) and Mar. 2019 (143.3BJPY) carryforward amounts.
- Kanto Area order was 31.8BJPY, struggling at 51.3% vs annual plan.
- Kansai Area order was 28.2BJPY, also struggling at 58.8% vs annual plan. Further, due to increased ratio of orders for non-condos, we need to enhance proposal, design and construction capabilities towards non-condos that are now being conducted.
- Takamatsu Corporation expect increased Q4 orders, and still aim to win orders of 110.0BJPY.

(BJPY)



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

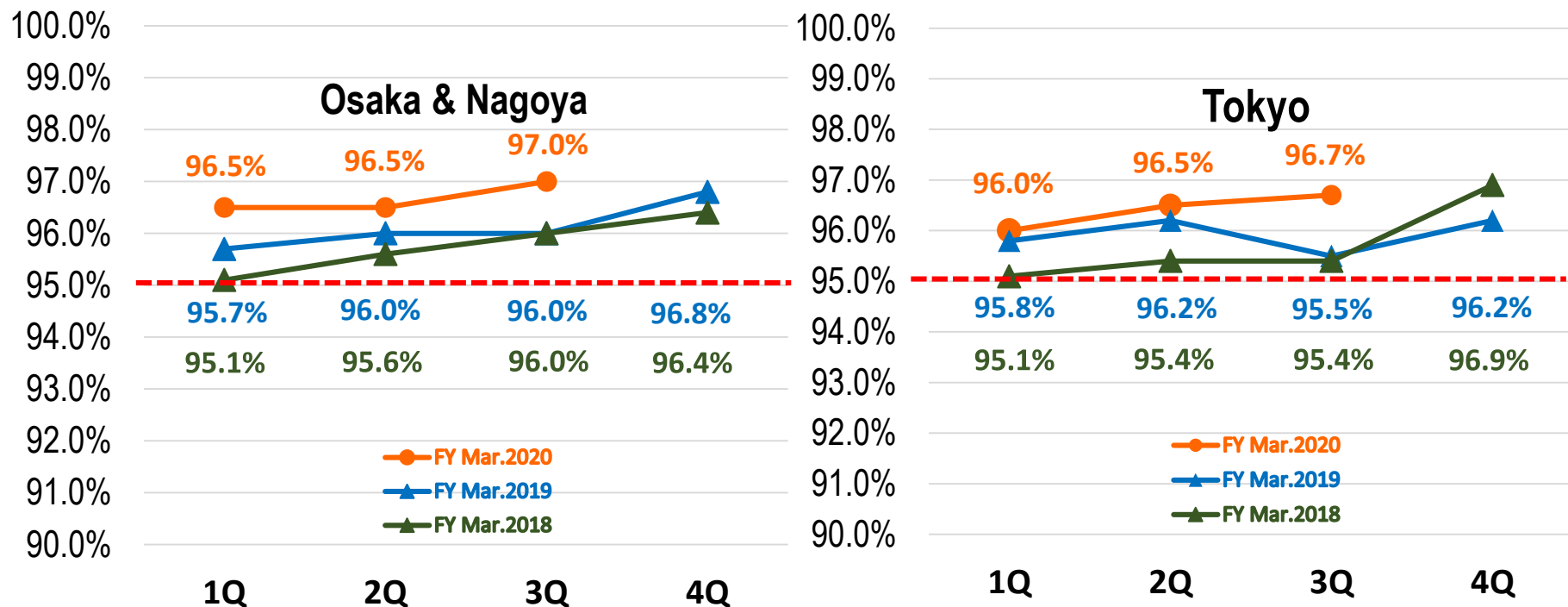
1. Orders are behind annual target of 310.0BJPY, but still continue to head towards achieving the target.
 2. Both revenue and Op.Income are well on track.
- We have no plan to change our annual target revenue of 310BJPY and Op. income of 13.3BJPY since revised GP% of many individual projects are already reflected in our Q3 earnings, which was not the case in previous years.



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

Occupancy Rate of Condominiums Built by Takamatsu Corporation

1. Occupancy rate is continuing to show above 95% for both Tokyo and Osaka+Nagoya for December 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 of the national population, 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)

Performance of Major Operating Companies

	2020/3FY Q3 (BJPY)										+/- (%) (vs last year)									
	Takamatsu Corporation	Takamatsu Group Others	Takamatsu Group	Asunaro Aoki Construction	Mirai Construction	Toko Geotech	Asunaro Aoki Group Others	Asunaro Aoki Group	Others	TCG	Takamatsu Corporation	Takamatsu Group Others	Takamatsu Group	Asunaro Aoki Construction	Mirai Construction	Toko Geotech	Asunaro Aoki Group Others	Asunaro Aoki Group	Others	TCG
Orders	60.0	33.8	93.8	65.2	21.1	17.5	8.0	112.0	△0.7	205.1	△14.5%	+38.2%	△0.9%	△11.8%	△6.9%	△5.1%	△2.5%	△9.2%	-	△5.9%
Civil Engineering	0.0	-	0.0	31.9	21.1	17.5	6.0	76.7	△0.0	76.7	-	-	-	△12.8%	△6.9%	△5.1%	△7.7%	△9.1%	-	△9.1%
Architecture	59.0	19.0	78.1	32.1	-	-	1.9	34.1	△1.2	111.0	△12.9%	+73.2%	△0.8%	△11.7%	-	-	+17.7%	△10.4%	-	△4.9%
Real Estate	0.9	14.7	15.6	1.1	0.0	0.0	△0.0	1.1	0.4	17.3	△61.3%	+9.5%	△1.2%	+25.4%	△49.9%	△5.1%	-	+25.2%	+1,299.5%	+2.8%
Revenue	59.4	28.5	88.0	69.1	19.5	16.2	7.0	111.9	△0.1	199.8	+36.0%	+32.2%	+34.7%	+9.9%	△16.3%	+0.3%	△3.2%	+2.1%	-	+14.3%
Civil Engineering	0.3	-	0.3	34.1	19.5	16.2	5.3	75.1	△0.0	75.5	△44.5%	-	△44.5%	+0.7%	△16.3%	+0.3%	△4.4%	△4.7%	-	△5.0%
Architecture	58.1	13.8	72.0	33.8	-	-	1.7	35.5	△0.5	107.0	+42.9%	+69.6%	+47.4%	+20.4%	-	-	+1.9%	+19.4%	-	+36.3%
Real Estate	0.9	14.7	15.6	1.1	0.0	0.0	0.0	1.1	0.4	17.3	△61.3%	+9.5%	△1.2%	+25.4%	△49.9%	△5.1%	-	+24.4%	+17,398.9%	+2.8%
Gross Profit	11.3	4.9	16.2	7.3	1.4	2.4	1.3	12.6	0.1	28.9	+36.9%	+30.9%	+35.0%	+33.2%	△8.4%	+8.8%	+34.0%	+21.5%	+39.8%	+28.8%
Civil Engineering	0.0	-	0.0	4.6	1.4	2.4	1.1	9.7	0.0	9.8	+278.3%	-	+278.3%	+53.2%	△8.1%	+8.9%	+43.8%	+26.4%	+1,096.9%	+27.1%
Architecture	11.1	2.7	13.9	2.5	-	-	0.2	2.8	△0.0	16.6	+38.0%	+73.4%	+43.8%	+7.0%	-	-	+1.1%	+6.4%	-	+35.5%
Real Estate	0.0	2.1	2.2	0.1	△0.0	0.0	△0.0	0.0	0.1	2.4	△55.8%	+0.0%	△3.5%	+58.1%	△992.5%	△5.5%	-	+66.7%	+80.9%	+1.1%
(GP% vs Revenue)	(19.0%)	(17.2%)	(18.4%)	(10.6%)	(7.5%)	(15.3%)	(19.4%)	(11.3%)	-	(14.5%)	(+0.1%)	(△0.2%)	(+0.0%)	(+1.9%)	(+0.6%)	(+1.2%)	(+5.4%)	(+1.8%)	-	(+1.6%)
(Civil Engineering)	(23.4%)	-	(23.4%)	(13.7%)	(7.5%)	(15.3%)	(21.1%)	(12.9%)	-	(13.0%)	(+20.0%)	-	(+20.0%)	(+4.7%)	(+0.7%)	(+1.2%)	(+7.1%)	(+3.2%)	-	(+3.3%)
(Architecture)	(19.2%)	(19.8%)	(19.3%)	(7.5%)	-	-	(15.2%)	(7.9%)	-	(15.6%)	(△0.7%)	(+0.4%)	(△0.5%)	(△0.9%)	-	-	(△0.1%)	(△1.0%)	-	(△0.1%)
(Real Estate)	(7.1%)	(14.8%)	(14.3%)	(9.9%)	(△124.1%)	(90.8%)	(△945.3%)	(7.7%)	(37.3%)	(14.4%)	(+0.9%)	(△1.4%)	(△0.3%)	(+2.0%)	(△131.1%)	(△0.4%)	(△19.0%)	(+2.0%)	(△3,566.4%)	(△0.3%)
Operating Income	4.1	1.8	5.9	3.2	0.0	1.2	0.7	5.3	△0.8	10.4	+101.5%	+37.1%	+75.9%	+108.2%	△68.4%	+14.8%	+100.1%	+62.0%	-	+75.6%
(% vs Revenue)	(7.0%)	(6.5%)	(6.8%)	(4.7%)	(0.4%)	(8.0%)	(10.2%)	(4.7%)	-	(5.2%)	(+2.3%)	(+0.2%)	(+1.6%)	(+2.2%)	(△0.7%)	(+1.0%)	(+5.2%)	(+1.8%)	-	(+1.8%)
Ordinary Income	4.8	1.1	6.0	4.4	0.0	1.2	△0.5	5.2	△1.1	10.1	+86.4%	+49.9%	+77.8%	+41.1%	△63.7%	+15.8%	-	+62.1%	-	+69.8%
(% vs Revenue)	(8.2%)	(4.2%)	(6.9%)	(6.4%)	(0.5%)	(8.0%)	(△7.2%)	(4.7%)	-	(5.1%)	(+2.2%)	(+0.5%)	(+1.7%)	(+1.4%)	(△0.6%)	(+1.1%)	(+9.7%)	(+1.8%)	-	(+1.7%)
Net earnings attributable to controlling interest	3.5	0.4	3.9	3.0	0.0	0.8	△0.6	3.1	△1.4	5.7	+88.4%	+48.9%	+82.8%	+20.4%	△98.9%	+13.7%	-	+57.6%	-	+77.7%
(% vs Revenue)	(5.9%)	(1.6%)	(4.5%)	(4.4%)	(0.0%)	(5.0%)	(△9.9%)	(2.8%)	-	(2.9%)	(+1.6%)	(+0.2%)	(+1.2%)	(+0.4%)	(△0.7%)	(+0.6%)	(+9.5%)	(+1.0%)	-	(+1.0%)