

# Results Briefing

for the Second Quarter Ended September 30, 2019

November 12, 2019  
**TODA CORPORATION**



This report contains forward-looking statements regarding Toda Corporation and the Group's corporate plans, strategies, and business forecasts.

These statements include Toda Corporation's forecasts based on information currently available as of the announcement date, which are subject to a number of risks and uncertainties.

Therefore, the actual results or developments may differ from those presented in these forward-looking statements due to changes in various factors.

# Today's Schedule

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## **1. Summary of Financial Results**

**Executive Manager Yushi Kikutani**

## **2. Issues and Initiatives**


**President Masanori Imai**

# **1. Summary of Financial Results**



**Executive Manager Yushi Kikutani**

# **1-1. Summary of Financial Results for the Second Quarter Ended September 30, 2019**



# Highlights: FY2019 1H

- **Consolidated net sales: ¥235.3 billion, up 15.9% year-on-year**
  - ⋮ Consolidated net sales rose by 15.9% year-on-year to ¥235.3 billion due to progress in works in hand for domestic architectural construction and civil engineering and to increased net sales in domestic Group companies and overseas business
  
- **Operating income: ¥15.5 billion, up 50.8% year-on-year**
  - ⋮ Operating income rose by 50.8% year-on-year to ¥15.5 billion due to progress in highly profitable major construction works mainly within Japan
  
- **Orders received (non-consolidated): ¥181.0 billion, down 33.0% year-on-year**
  - ⋮ Both domestic architectural construction and domestic civil engineering orders in the government sector, as well as domestic construction orders in the private sector, underwent a major decrease year-on-year within Japan, reducing overall orders received by 33.0% to ¥181.0 billion

# Summary: FY2019 1H

(Billions of yen)

	Apr-Sep FY2018	Apr-Sep FY2019			
		<i>Forecasts at the beginning of the term</i>	<b>Actuals</b>	<i>Change (year on year)</i>	<i>Difference (vs. forecast)</i>
<b>Consolidated net sales</b>	<b>203.0</b>	<i>241.0</i>	<b>235.3</b>	<i>15.9%</i>	<b>-5.6</b>
<b>Operating income</b>	<b>10.3</b>	<i>11.8</i>	<b>15.5</b>	<i>50.8%</i>	<b>+3.7</b>
<b>Ordinary income</b>	<b>11.8</b>	<i>12.8</i>	<b>16.9</b>	<i>42.6%</i>	<b>+4.1</b>
<b>Profit</b> attributable to owners of parent	<b>8.2</b>	<i>9.0</i>	<b>12.2</b>	<i>48.7%</i>	<b>+3.2</b>
<b>Orders received (non-consolidated)</b>	<b>270.4</b>	<i>202.5</i>	<b>181.0</b>	<i>-33.0%</i>	<b>-21.4</b>



# Main Orders Received

	Ordering Parties	Name of Works
Architectural Construction	Urban Renewal Association for Shindaikumachi District	New construction work for facilities for first phase of urban renewal works for Shindaikumachi District
	FORETSEINE Co., Ltd.	New construction work in Yoyogi-Tomigaya
	R&K LLC	Reconstruction plan for Dojima Hotel
	Tokyo Metropolitan Government	Reconstruction work for Tokyo Metropolitan Toshima High School (31)
Civil Engineering	Investment No. 2, Japan Renewable Energy Corporation	Construction work for JRE Satsuma Solar Power Plant
	Mt. Hachiman, Japan Renewable Energy Corporation	Shichinohe Towada Wind Farm project
	Osaka Prefectural Government	Construction of Shirokita shaft for Neyagawa Northern Underground River
	DAIWA HOUSE INDUSTRY Co., Ltd.	Land readjustment project for Wadoyokocho, Miyashiro

\*Honorific prefixes are omitted. Work names are abbreviations.

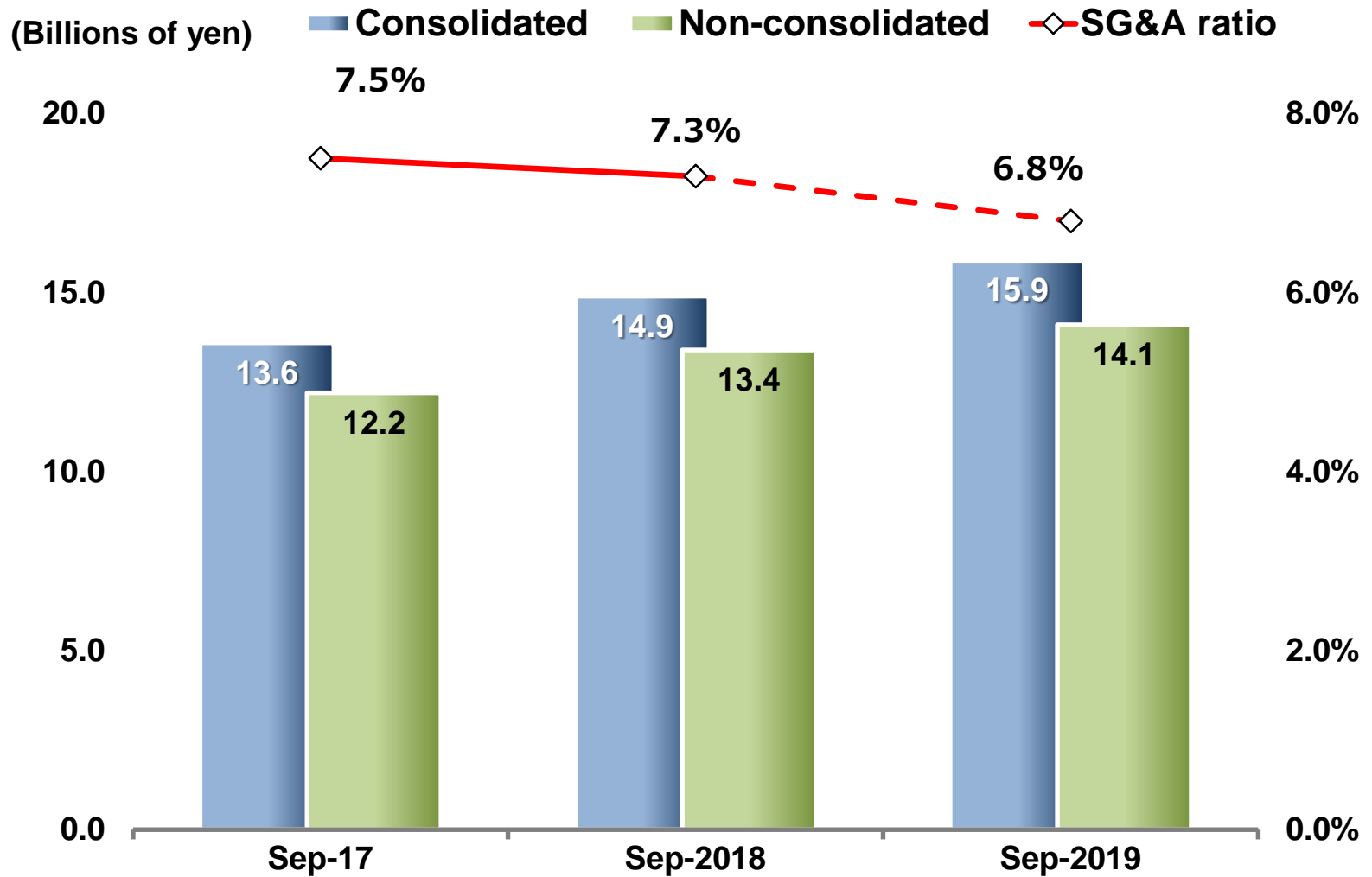
# 1-2. Details of Financial Results



# (Consolidated) Toda Group

Business	Subsidiaries in Japan	Overseas Subsidiaries	23 companies
Construction	<p>APEC Engineering Co., Ltd.</p> <p>Chiyoda Kenkou Co., Ltd.</p> <p>Toda Road Co., Ltd.</p> <p>Sato Kogyo Co., Ltd.</p> <p>2 other companies</p>	<p>Construtora Toda do Brazil S/A</p> <p>Thai Toda Corporation Ltd.</p> <p>Toda Vietnam Co., Ltd.</p> <p>TOBIC</p> <p>2 other companies</p>	12 companies
Real Estate	<p>Toda Bldg. Partners Co., Ltd.</p> <p>Nisshin Life Co., Ltd.</p> <p>1 other company</p>	<p>Toda America, Inc.</p> <p>PT.Toda Group Indonesia</p> <p>1 other company</p>	6 companies
Other	<p>Toda Finance Co., Ltd.</p> <p>Toda Staff Service Co., Ltd.</p> <p>Towa Kanko Kaihatsu Co., Ltd.</p> <p>Goto Floating Wind Power LLC.</p> <p>Offshore Windfarm Construction Corp.</p>		5 companies

# (Consolidated) Change in SG&A



# (Consolidated) Balance Sheets

## Assets

(Billions of yen)

-27.3

667.7



Mar 2019

640.4

Construction-related assets +9.5  
Cash and deposits +5.9  
Notes and accounts receivable – trade -45.7

-26.0

Current assets 338.8

Construction in progress +3.3  
Buildings and structures +0.5  
Land +0.3

+4.1

Noncurrent assets 121.5

Investment securities -5.3  
Retirement benefit assets -0.3

-5.4

Investments and other assets 180.0

Sep 2019

124.2%

Current ratio

125.5%

## Liabilities and Net Assets

(Billions of yen)

-27.3

667.7

Current liabilities 293.8

Noncurrent liabilities 104.6

Net assets 269.1

Mar 2019

Short-term loans +15.8  
Advances received on uncompleted construction contracts +8.7  
Commercial papers -25.0  
Notes and accounts payable – trade -24.7

-23.8

Long-term loans payable +2.3  
Corporate bonds -5.0  
Deferred tax liabilities -2.2

-4.8

Retained earnings +6.1  
Valuation difference on available for sale securities -4.8

+1.3

640.4

Current liabilities 270.0

Noncurrent liabilities 99.8

Net assets 270.5

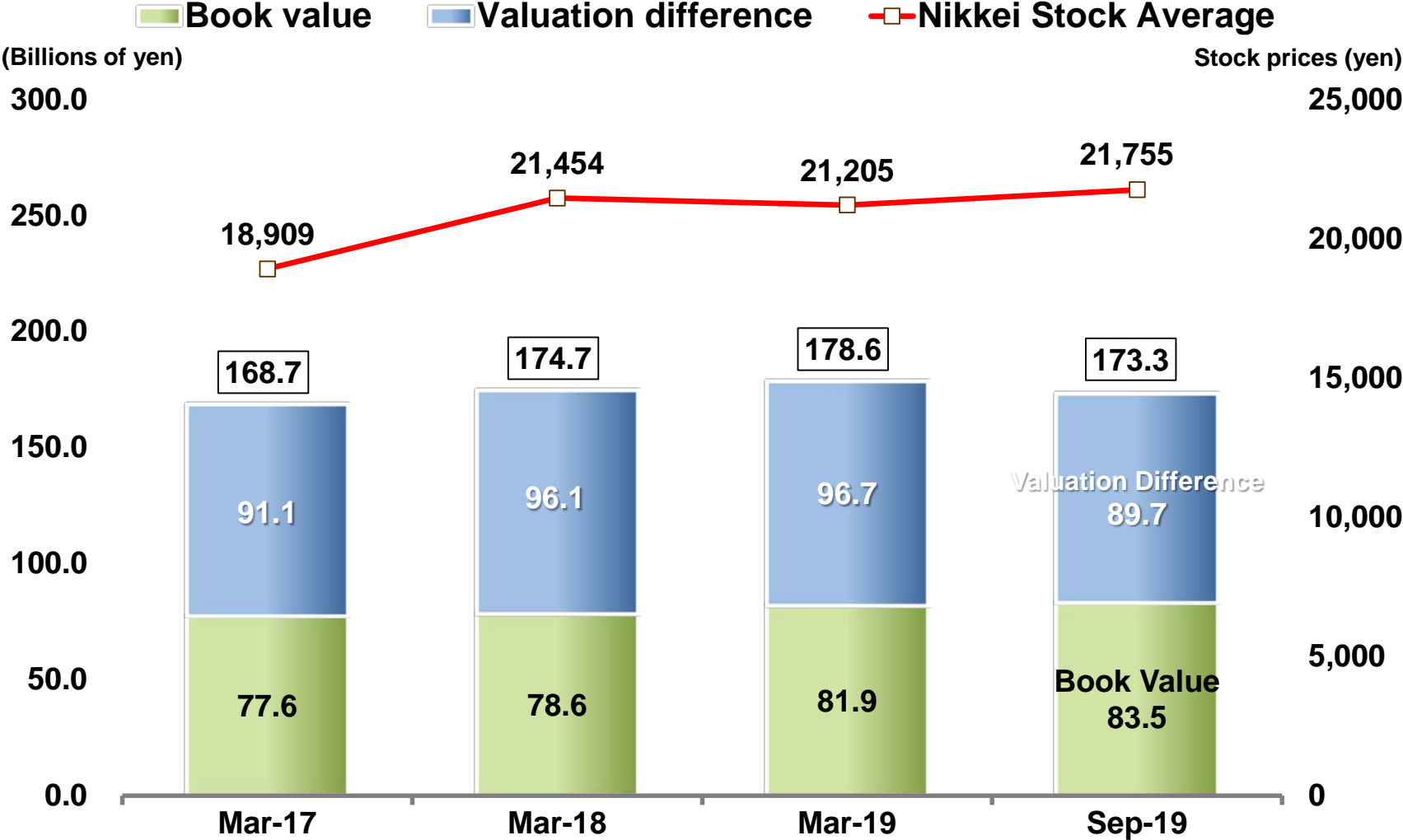
Mar 2019

39.9%

Equity ratio

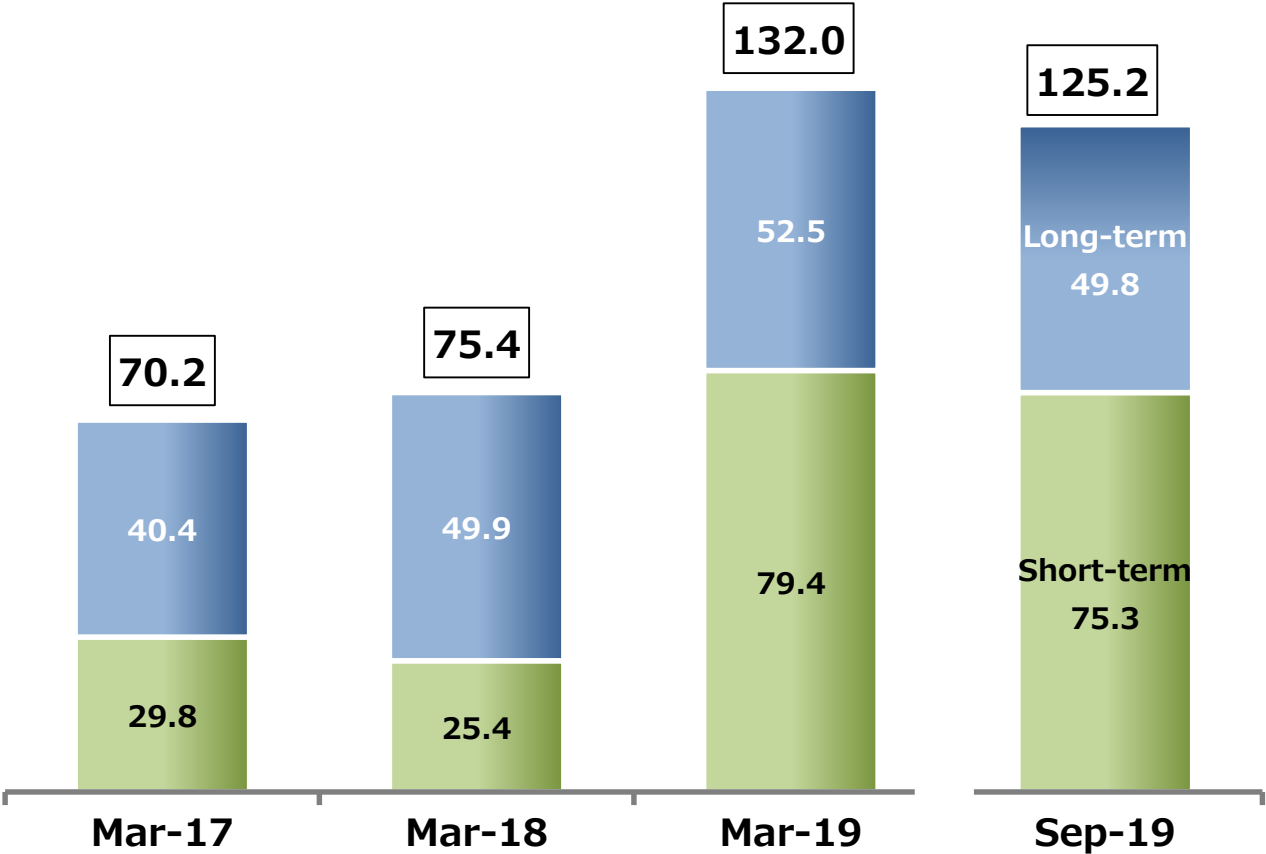
41.8%

# (Consolidated) Change in Investment Securities



# (Consolidated) Change in Interest-Bearing Liabilities

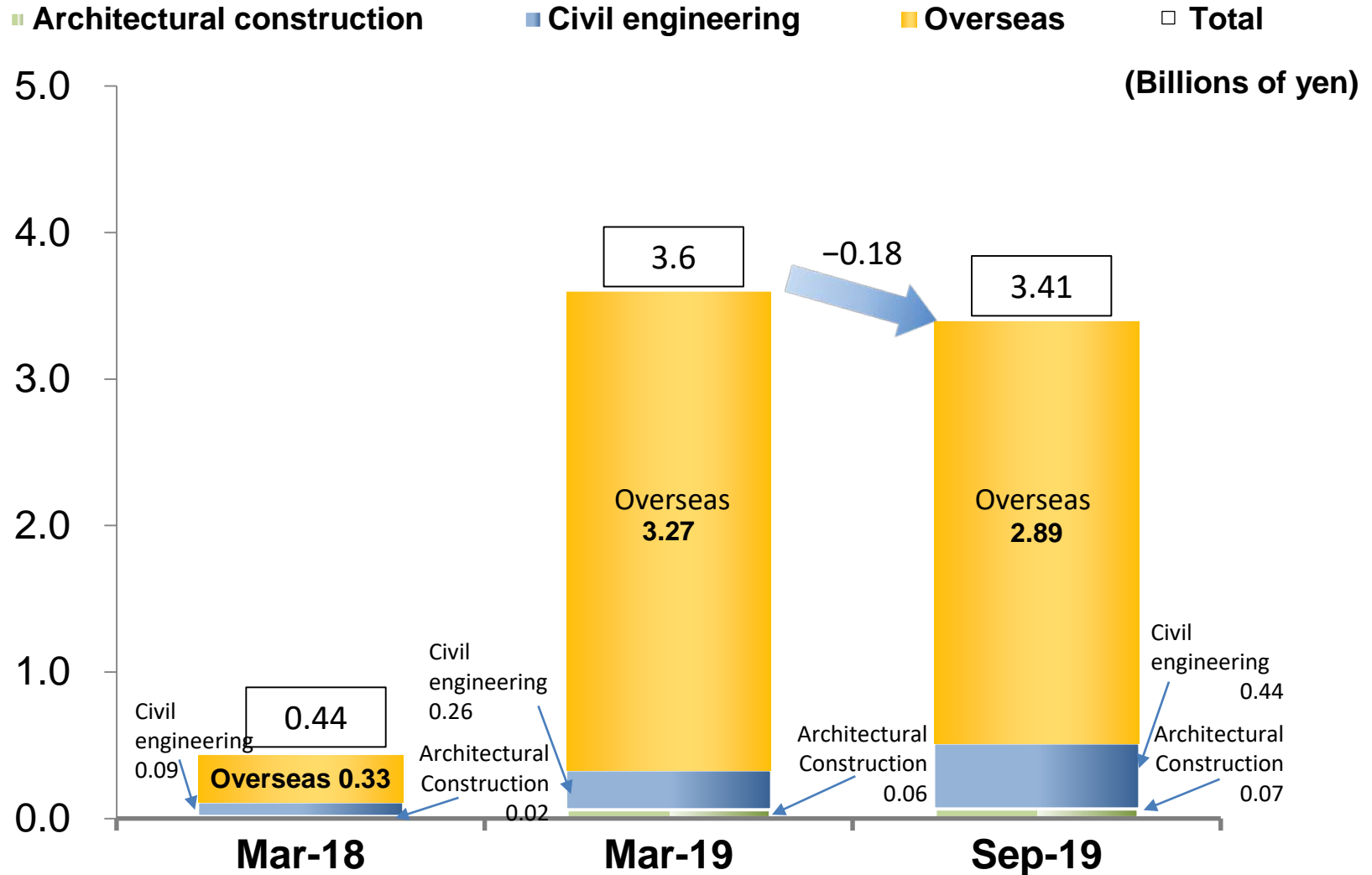
■ Short-term ■ Long-term (Billions of yen)



D/E ratio	0.45x	0.43x	0.68x

0.62x
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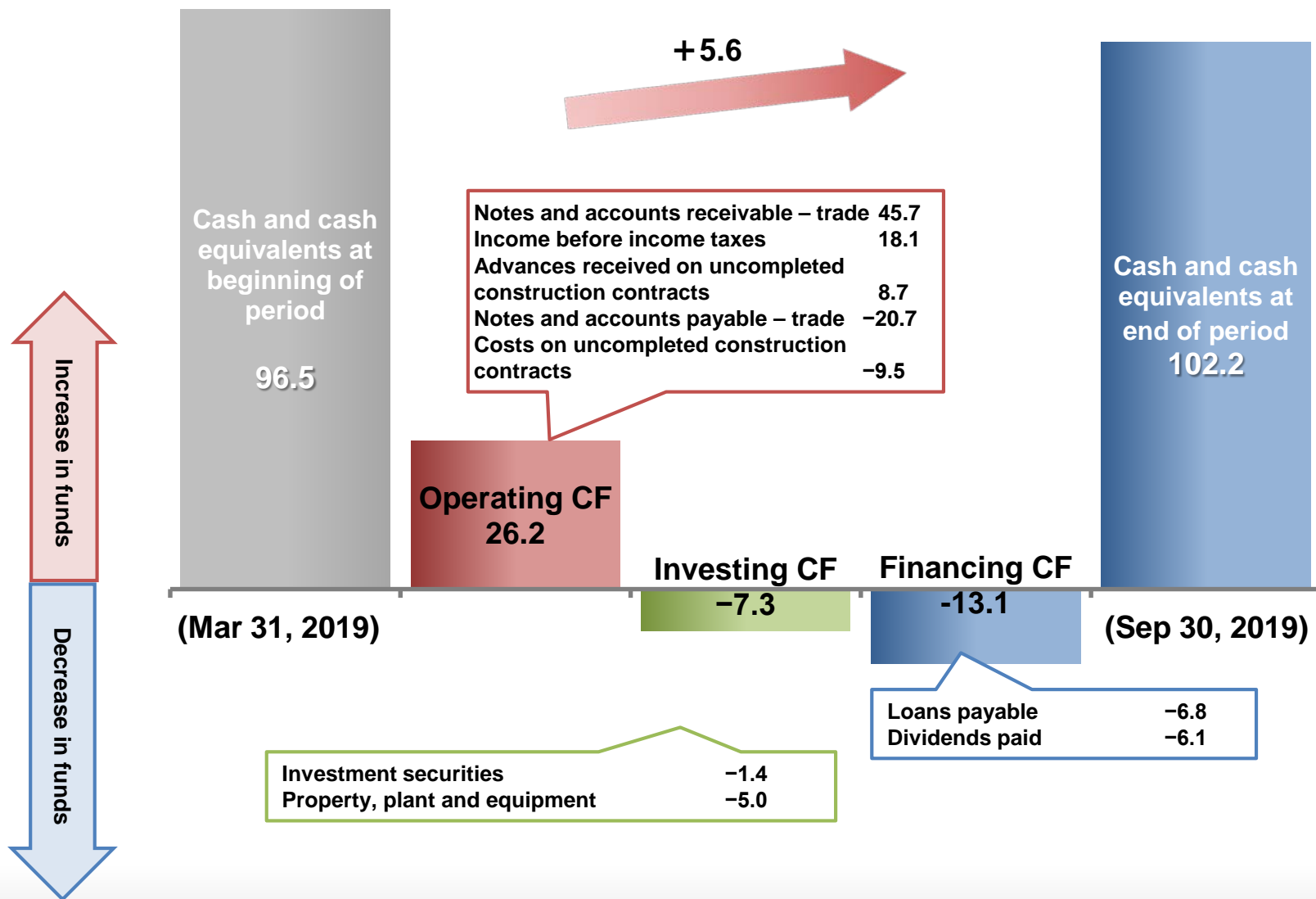
# (Consolidated) Change in Provision for Loss on Construction Contracts





# (Consolidated) Statement of Cash Flow

(Billions of yen)



# 1-3. Performance Forecasts

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# Forecasts for FY2019 (Year Ending March 31, 2020)

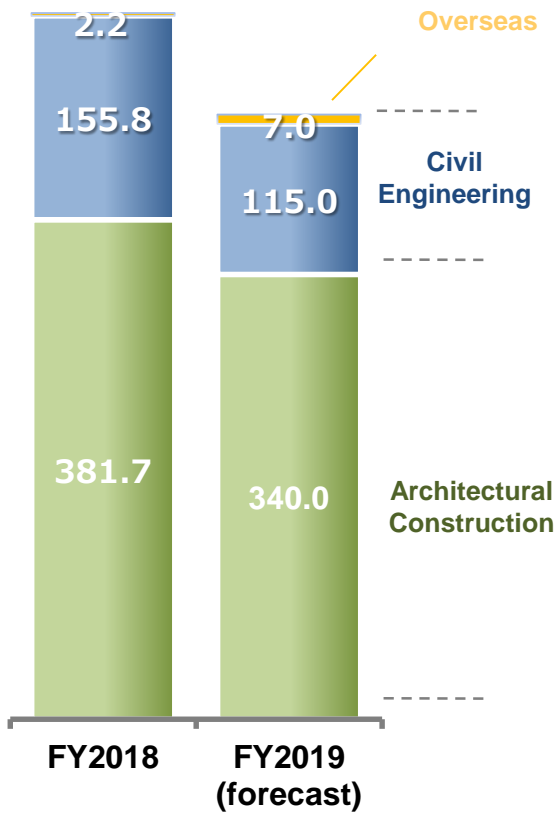
(Billions of yen)

	FY2018	FY2019		
		Forecasts	Change (year-on-year)	
Consolidated net sales	510.4	520.0	1.9%	9.5
Operating income	34.5	30.7	-11.1%	-3.8
Ordinary income	37.4	32.8	-12.5%	-4.6
Profit attributable to owners of the parent	25.5	22.8	-10.9%	-2.7
Orders received (Non-consolidated)	539.8	462.0	-14.4%	-77.8

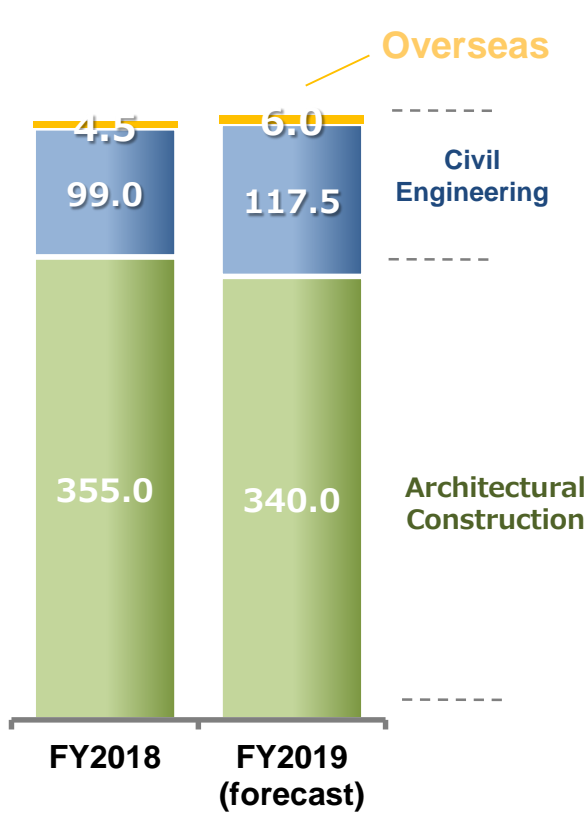
# (Non-consolidated) Forecasts for the Construction Business

(Billions of yen)

Orders Received for Construction

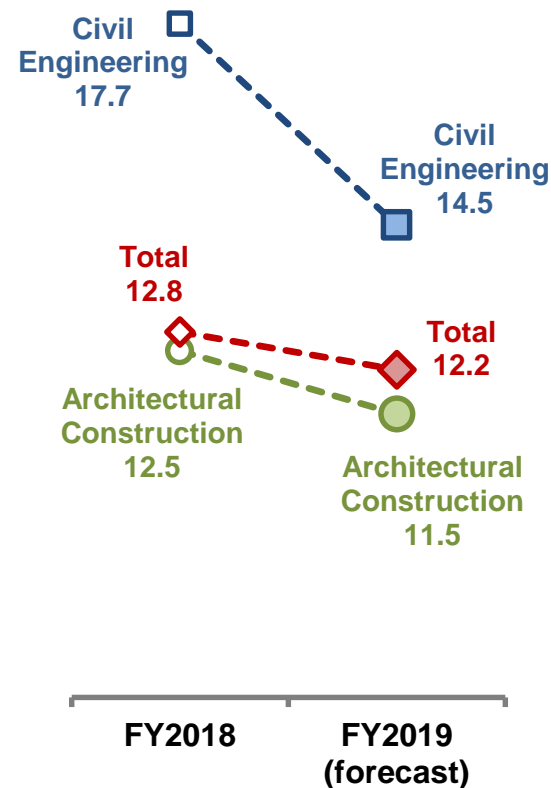


Net Sales of Completed Construction Contracts



(%)

Gross Profit Margin on Completed Construction Contracts



# Non-consolidated Forecasts for FY2019

	Amount (billions of yen)	Profitability (%)
<b>Net sales</b>	<b>471.5</b>	
<b>Gross profit</b>	<b>60.0</b>	<b>12.7</b>
<b>Profits in the construction business</b>	<b>56.4</b>	<b>12.2</b>
[Domestic architectural construction]	[39.0]	[11.5]
[Domestic civil engineering]	[17.0]	[14.5]
[Overseas]	[0.4]	[6.7]
<b>Profits in investment &amp; development business and other</b>	<b>3.6</b>	<b>45.0</b>
<b>Selling, general and administrative expenses</b>	<b>31.5</b>	
<b>Operating income</b>	<b>28.5</b>	<b>6.0</b>
<b>Ordinary income</b>	<b>30.6</b>	<b>6.5</b>
<b>Income taxes</b>	<b>10.0</b>	
<b>Profit</b>	<b>21.6</b>	<b>4.6</b>



# **2. Management Plan Progress Status**

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**President Masanori Imai**

# Positioning of Medium-term Management Plan 2019

Toda Group Global Vision

**A corporate group that makes your  
success possible**

**Establish a foundation to realize the global vision**

FY2015 – FY2016

FY2017 – FY2019

FY2020–

Phase I

Phase II

**Establishing  
growth  
foundation**

(business, mindset  
reform)

**Building profit base for  
continuous growth**  
(resource shift and new value  
creation)

**Continuous  
growth**  
(tenacity, diversity)



# **2-1. Business/Performance Forecast**



# Net Sales and Operating Income by Business

No change from the initial forecast

(Billions of yen)

Upper: Net sales Lower: Operating income	FY2018 Actuals		FY2019 Forecast		Medium-term targets (FY2019)
Domestic architectural construction	355.0		340.0		340.0
	24.7	7.0%	18.3	5.4%	16.5
Domestic civil engineering	99.0		117.5		115.0
	11.0	11.2%	9.8	8.3%	6.5
Investment & development + new fields	10.1		8.9		8.5
	1.0	10.7%	1.1	12.3%	0.4
Domestic Group companies	45.3		49.5		36.0
	2.4	5.4%	1.9	3.8%	1.6
Overseas	17.7		21.0		22.0
	-4.1	-	-0.4	-	0.0
<b>Total</b>	<b>510.4</b>		<b>520.0</b>		<b>500.0</b>
	<b>34.5</b>	<b>6.8%</b>	<b>30.7</b>	<b>5.9%</b>	<b>25.0</b>

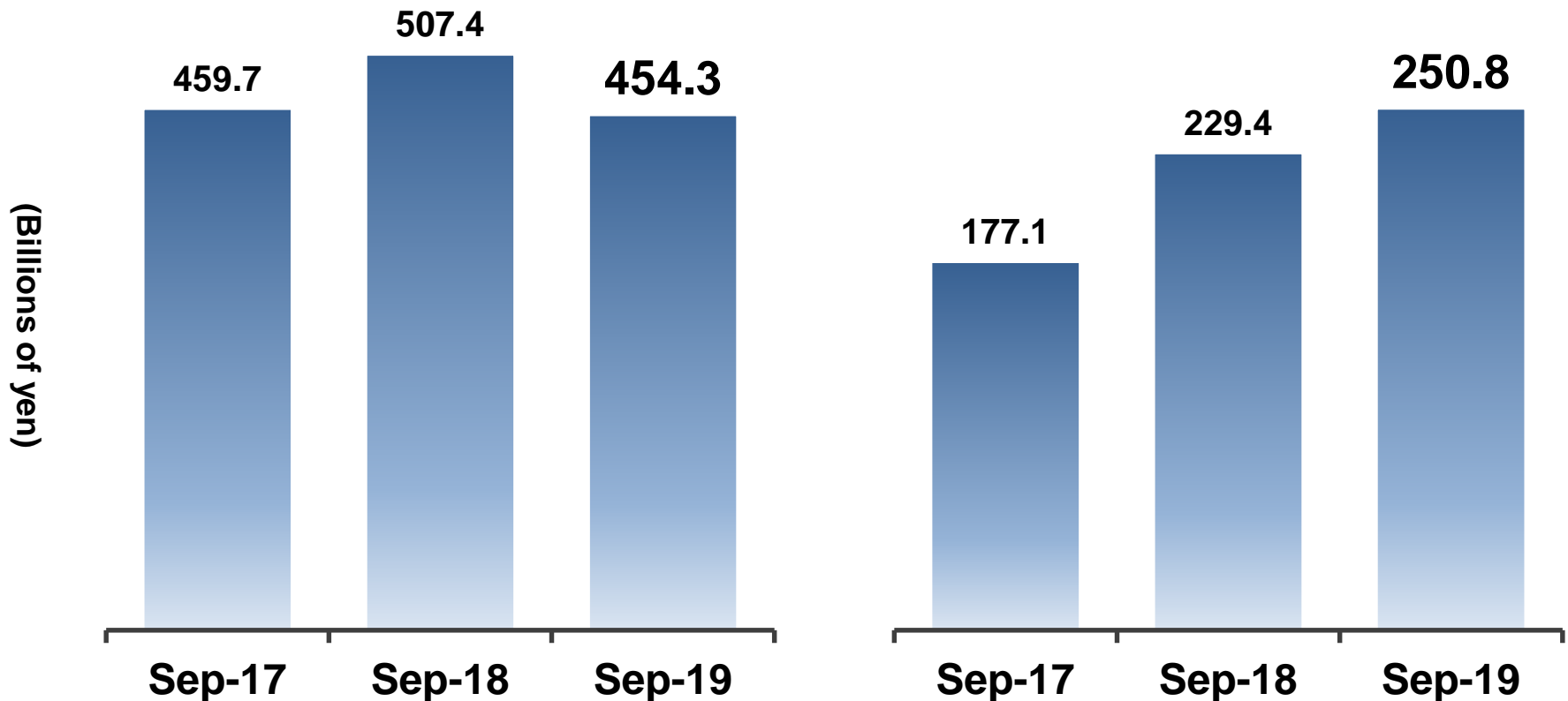
\*Percentages indicate operating income ratios. Consolidated eliminations are reflected in totals.

# Change in Construction Work Carried Forward

**Continued high level results due to orders received for major civil engineering works**

**Domestic Architectural Construction**

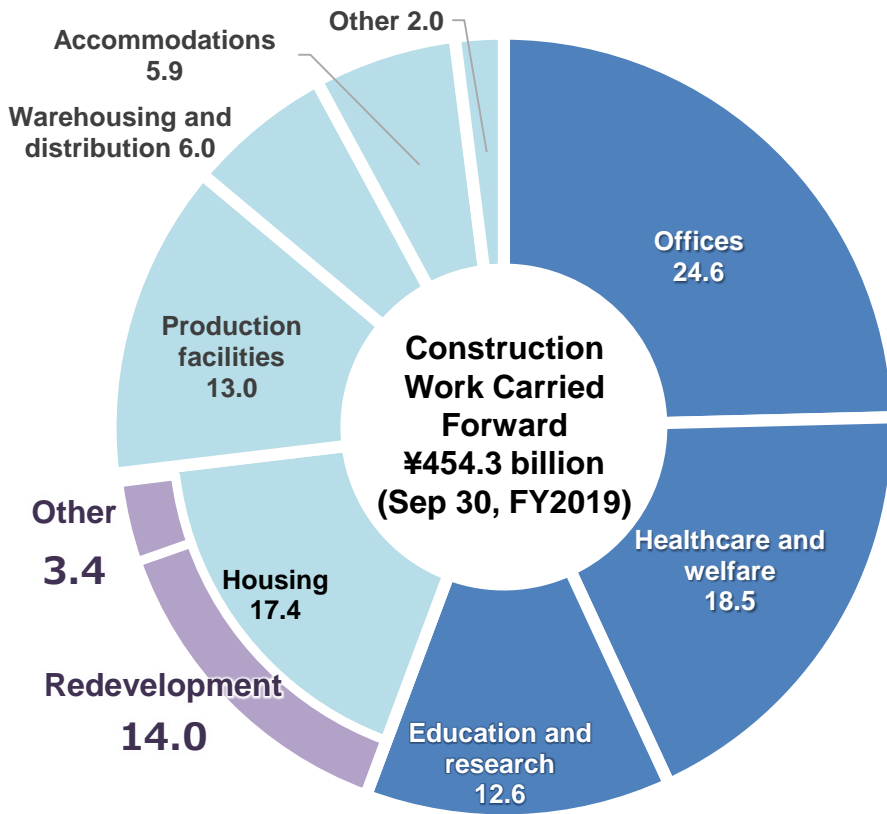
**Domestic Civil Engineering**



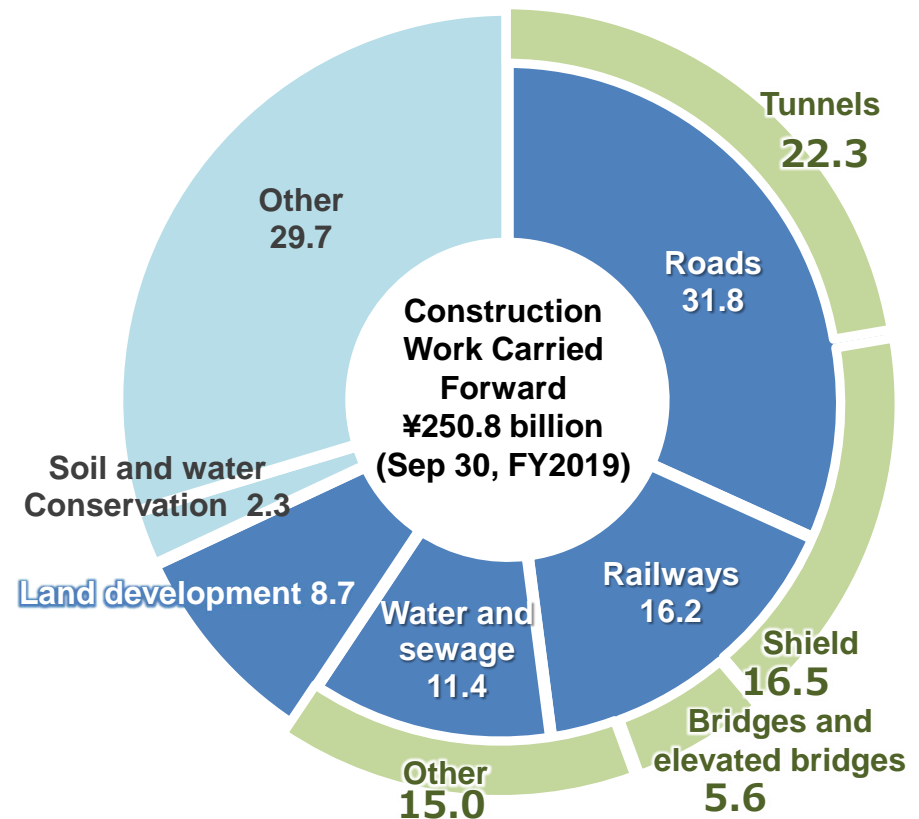
# Construction Work Carried Forward by Construction Category

Deepening main key fields by developing proprietary technology

### Domestic Architectural Construction (%)



### Domestic Civil Engineering (%)



Main key fields of Medium-term Management Plan

Hospitals and schools

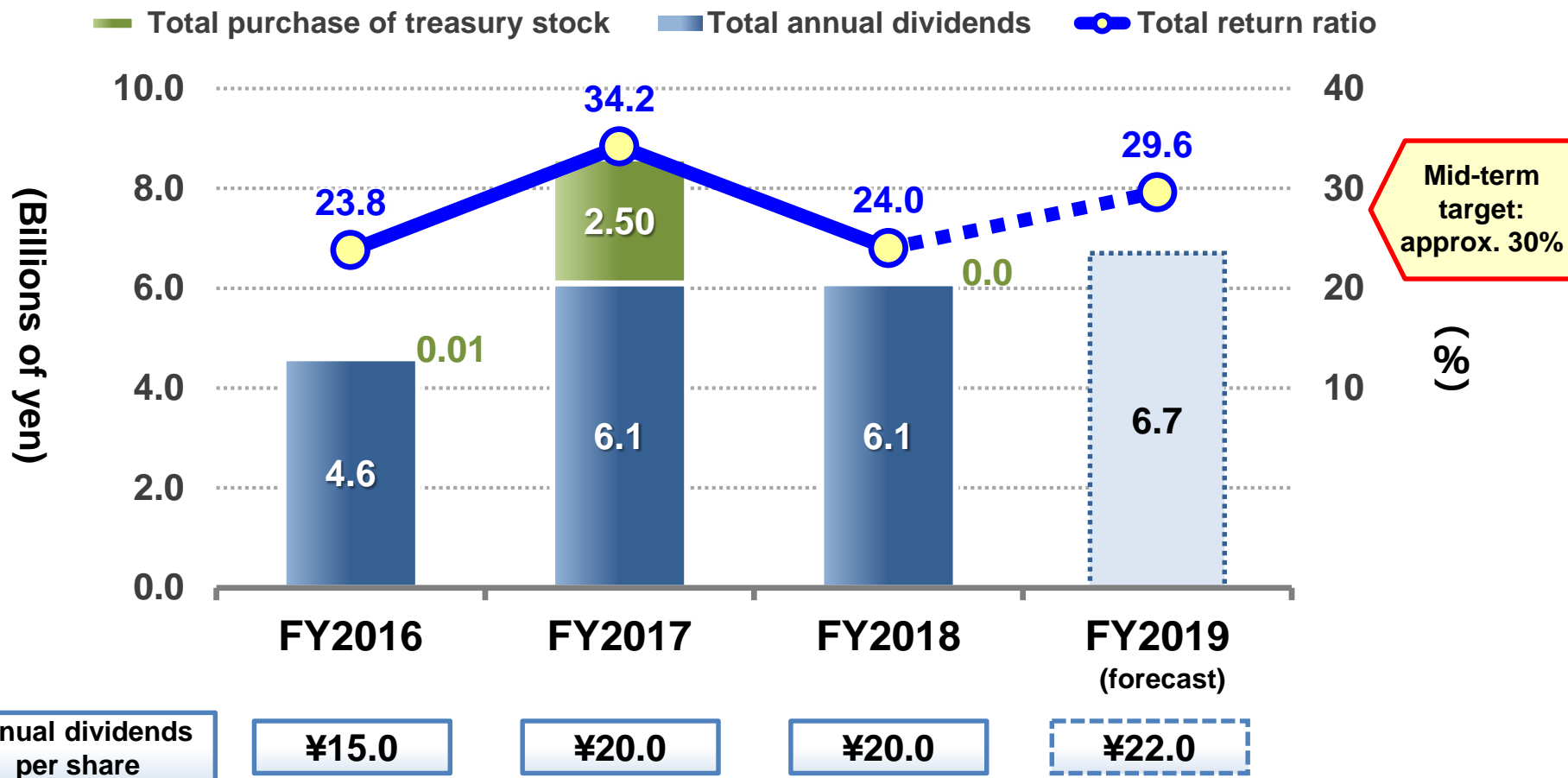
High value added offices

Mountain tunnels and large-scale infrastructure

Lot development

# Shareholder Returns

## Total shareholder returns · total return ratio



\*Total return ratios for FY2016 are calculated by multiplying profit before income taxes by the effective statutory tax rate.

\*Total purchase of treasury stock for FY2017 includes acquisition amount related to Toda Mirai Foundation (¥2,490 million).

\* The total return ratio for FY2019 does not take into account the purchase of treasury stock.

## **2-2. Issues and Initiatives**



**(Toward the Next Medium-term Management Plan)**

# Awareness of Issues

Current

- Pursuing safety and productivity
- Maintaining the foundation for strategic business and implementing the strategic business

Mid- to Long-term

- Creating global-level business opportunities
- Diversifying business and securing return on investment
- Improving corporate value through ESG management

**Achieving sustainable growth**

# Setting Up the Globalization Promotion Office (Sep 2019)

## Organization building and human resource development enabling us to be globally competitive



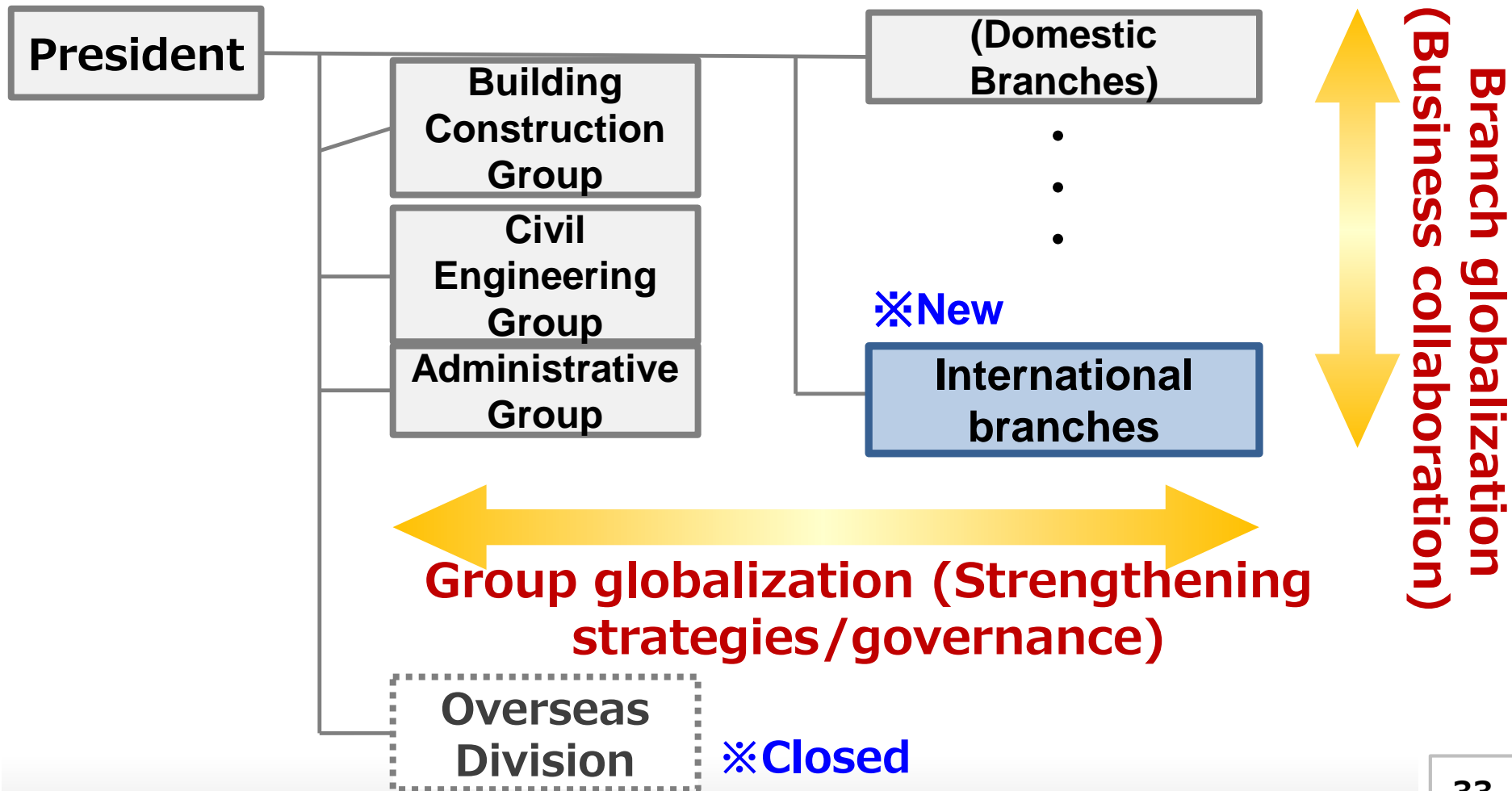
Three expert committees have been set up in the Globalization Promotion Office to study respective themes and take measures

- Promoting an enhancement of value and competitive ability by cross-functionally overlooking management resources
- Building a global-level management structure
  - Official company language, and recruiting/training staff
  - Current technology, procurement, and operation
  - Company rules and management system
  - Operation bases, innovation, etc.



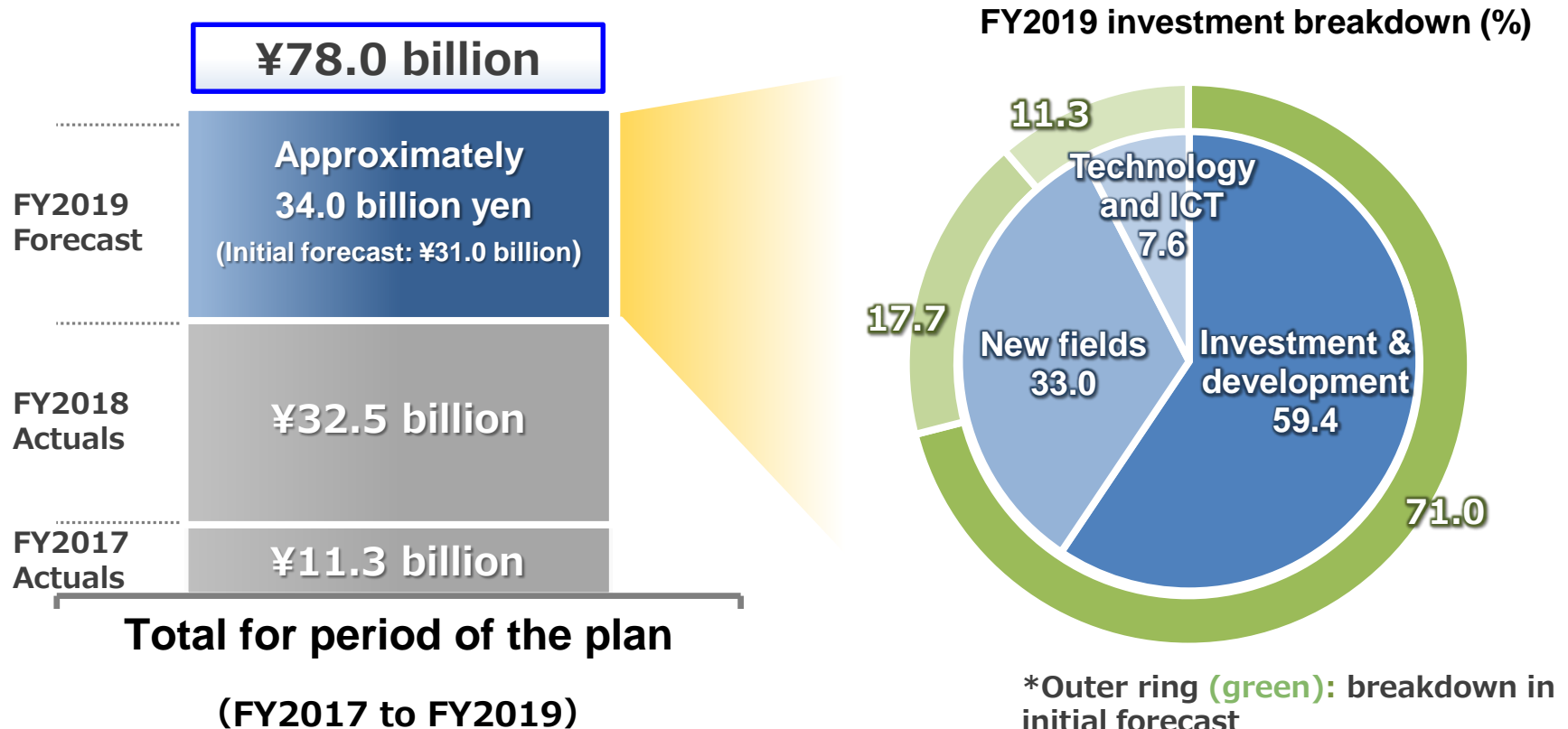
# Setting Up International Branches (Sep 2019)

Deepening collaboration within the organization and strengthening operations/governance



# Investment Plan Progress Status

Promoting initiatives in new areas to diversify business



## [Breakdown]

		[FY2017]	[FY2018]	[FY2019]	[Total]	
Investment & development	(Real estate, etc.)	6.6	21.0	20.2	47.9	*1 Including acquisition of Sato Kogyo Co., Ltd.
New fields	(Energy, new business, etc.)	2.6	10.0(*1)	11.2(*2)	24.2	*2 Including acquisition of serviced apartments in Jakarta and accommodation facility in Kyoto
Technology & ICT	(Research centers, systems, etc.)	2.0	1.4	2.6	6.0	

# Investments in the First Half of FY2019



\*Purchased two towers

## Serviced Apartments in Jakarta

- Securing stable income and promoting redevelopment in the future
- Establishing a presence of Toda Corporation in Indonesia

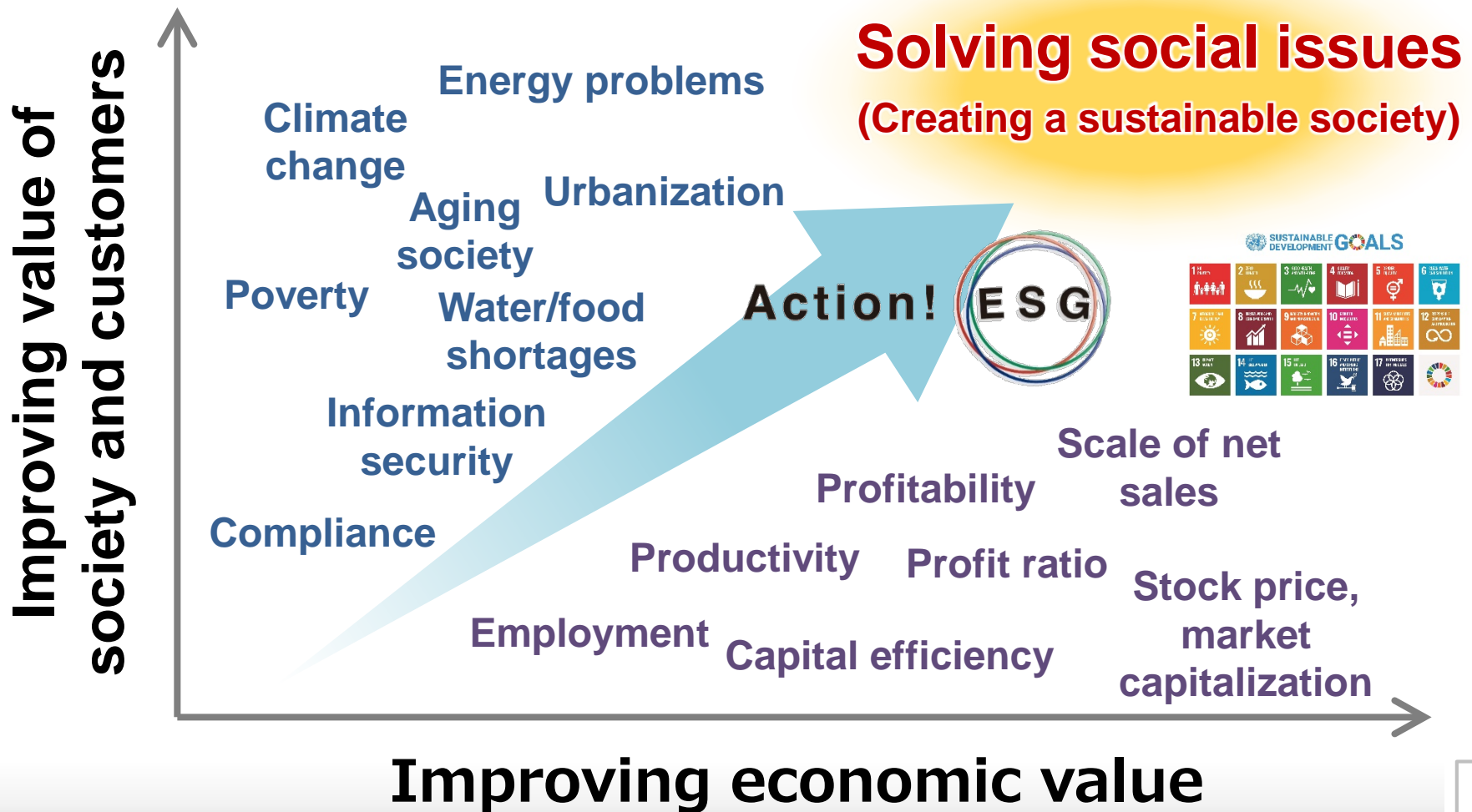


## Accommodation facility in Kyoto (Riverte Kyoto Kamogawa)

- Promotion of in diversification of the TODA Group (Towa Kanko kaiatsu Co., Ltd.)
- Active participation of various human resources through in-house recruitment of facility manager

# Promotion of Issue-Solution Business

Contributing to sustainable growth of society, customers, and the Group



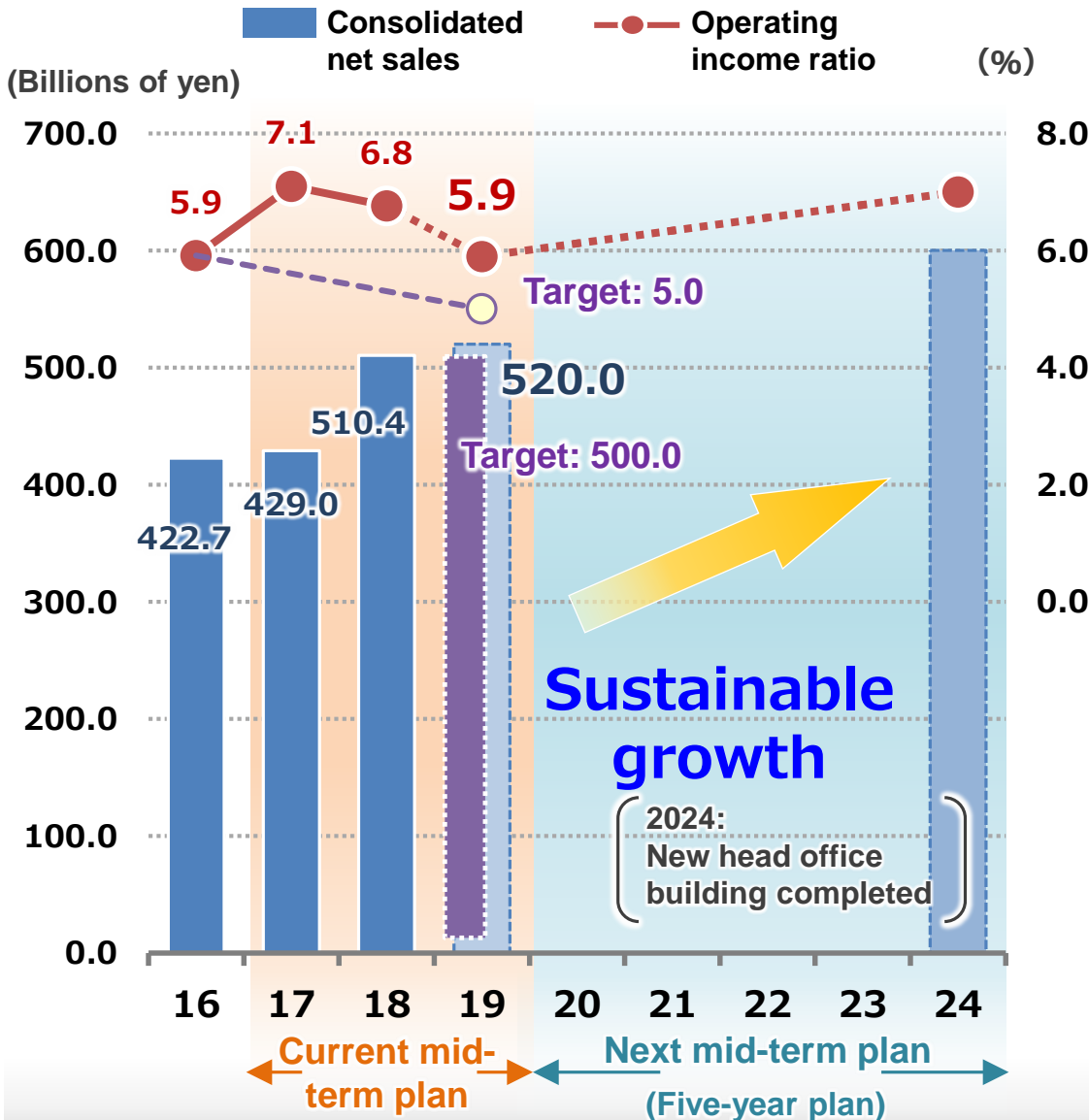
# Developing Branding Activities

## Company-wide activity to achieve stakeholders' success





# Toward Sustainable Growth



- Creating a business promotion structure that continuously creates/provides value, taking advantage of the shift to the VUCA era
- Implementing diversification and maintaining a healthy portfolio, in response to the changes to profit structure due to the reconstruction of the head office building

**Taking construction to the highest level**

**Taking on new areas**

**A corporate group that makes  
your success possible**



“喜び”を実現する企業グループ

**戸田建設**