

Results Briefing

for the Year Ended March 31, 2016

May 16, 2016

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

1. Summary of Financial Results

Executive Manager Yushi Kikutani

2. Progress of Management Plan

President Masanori Imai

1. Summary of Financial Results



Executive Manager Yushi Kikutani

1-1. Summary of Financial Results for the Year Ended March 31, 2016



Highlights: FY2015

- **Consolidated Net Sales: ¥492.6 billion, up 17.2% year-on-year**
 - ∴ Net sales rose 17.2% year-on-year to ¥492.6 billion, as completed construction contracts increased.

- **Operating Income: ¥21.6 billion, up 66.7% year-on-year**
 - ∴ Operating income increased 66.7% year on year, to ¥21.6 billion, as gross profit on completed construction contracts improved due to the thorough adoption of a profitability-oriented order receipt policy.

- **Orders Received (non-consolidated): ¥412.8 billion, down 8.2% year on year**
 - ∴ While orders for both architectural construction and civil engineering fell year on year, orders for civil engineering exceeded the plan by 15.0% thanks to large-scale projects, and overall orders received exceeded the plan by 3.0% to ¥412.8 billion.

Summary: FY2015

(Billions of yen)

	FY2014	FY2015			
		<i>Forecasts (announced on Feb. 2016)</i>	Actuals	<i>Change (year on year)</i>	<i>Difference (vs. forecast)</i>
Consolidated net sales	420.3	<i>496.0</i>	492.6	<i>17.2%</i>	<i>-3.3</i>
Operating income	12.9	<i>19.1</i>	21.6	<i>66.7%</i>	<i>2.5</i>
Ordinary income	14.8	<i>21.0</i>	23.7	<i>60.1%</i>	<i>2.7</i>
Net income	14.0	<i>18.8</i>	20.0	<i>42.9%</i>	<i>1.2</i>
Orders received (non-consolidated)	449.7	<i>400.0</i>	412.8	<i>-8.2%</i>	<i>12.8</i>

Main Orders Received

	Ordering Parties	Name of Works
Architectural Construction	Nagasaka Sangyo	Nagasaka Sangyo Kyobashi Building (Kyobashi 1 chome)
	Nippon Steel Kowa Real Estate Co., Ltd.	Nittetsu Nihonbashi Building
	Kuwana City Medical Center	Kuwana City Medical Center
	Toyo University	Akabanedai Campus new building
	Japan Post Co., Ltd.	East Chubu mail handling facility
Civil Engineering	Japan Railway Construction, Transport and Technology Agency	Sotetsu-Tokyu direct line, Tsunashima tunnel, etc.
	Miyagi Prefecture	Disaster restoration project for Tsuyagawa River and others (4)
	Kobe City	Western treatment plant north water treatment facility

*Honorific prefixes are omitted. Work names are abbreviations.

Main Works Completed (Architectural Construction)

*Project names are abbreviation



Nishitomihsa district category one urban redevelopment, Nishitomihsa District Urban Development Association



Kudanzaka Hospital complex building work, Federation of National Public Service Personnel Mutual Aid Associations

Main Works Completed (Civil Engineering)

*Project names are abbreviation



Yamato Ishinomaki Road substructure work, Tohoku Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism



Kinki Expressway Kisei Line Wabukagawa Tunnel, Ministry of Land, Infrastructure, Transport and Tourism, Kinki Regional Development Bureau

1-2. Details of Financial Results



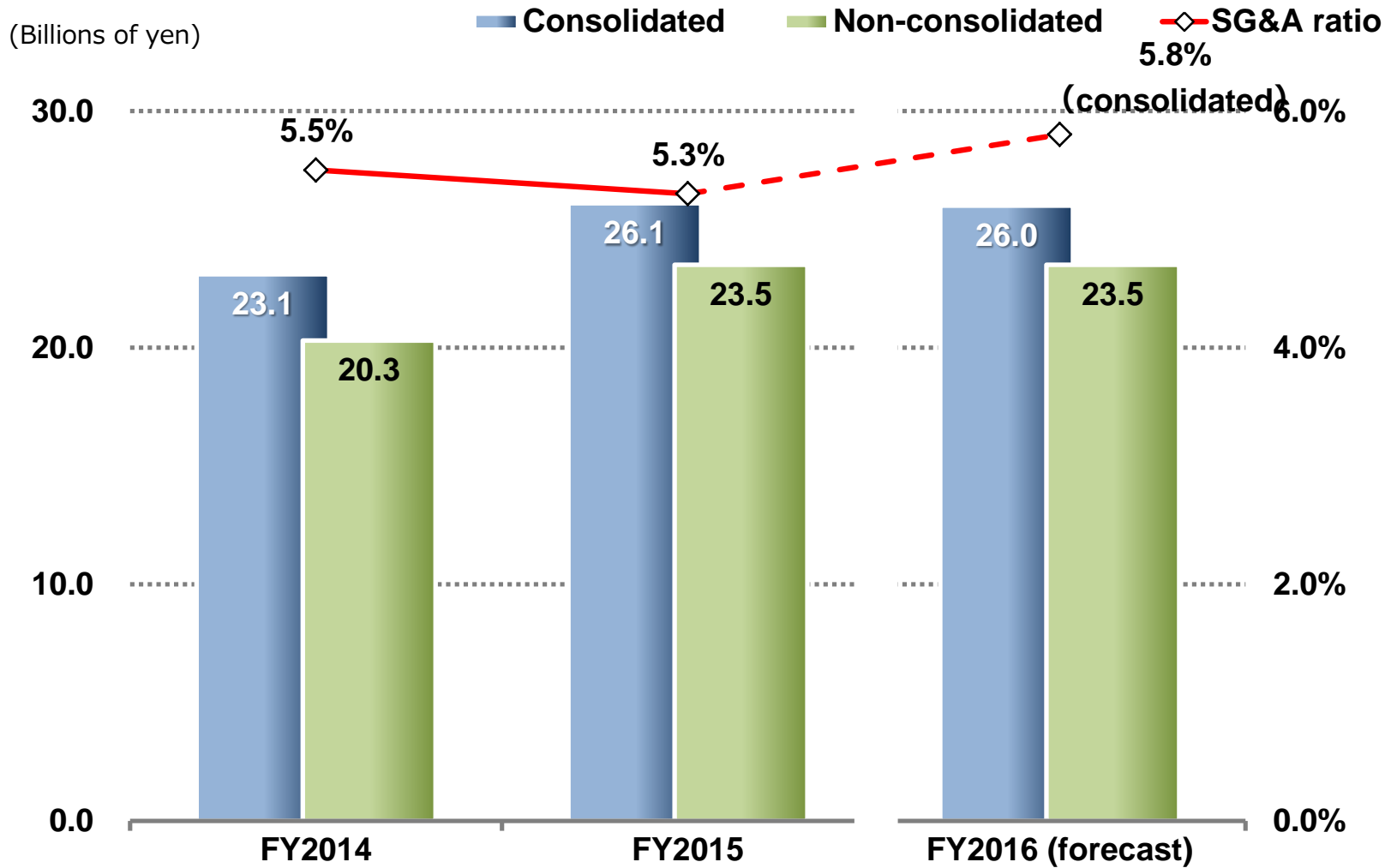
(Consolidated) Toda Group

Business		Subsidiaries in Japan	Overseas Subsidiaries	15 companies
Construction	Architectural Construction	<p>APEC Engineering Co., Ltd.</p> <p>Chiyoda Kenkou Co., Ltd.</p>	<p>Construtora Toda do Brazil S/A</p> <p>Toda Construction (Shanghai) Co., Ltd.</p> <p>Thai Toda Corporation Ltd.</p> <p>Toda Vietnam Co., Ltd.</p> <p>TODA Philippines, Inc. ABTD, inc.</p>	8 companies
	Civil Engineering	<p>Toda Road Co., Ltd.</p>		1 company
Real Estate		<p>Toda Bldg. Partners Co., Ltd.</p>	<p>Toda America, Inc.</p>	2 companies
Other		<p>Toda Finance Co., Ltd.</p> <p>Chiyoda Staff Service Co., Ltd.</p> <p>Towa Kanko Kaihatsu Co., Ltd.</p> <p>Goto Floating Wind Power LLC.</p>		4 companies

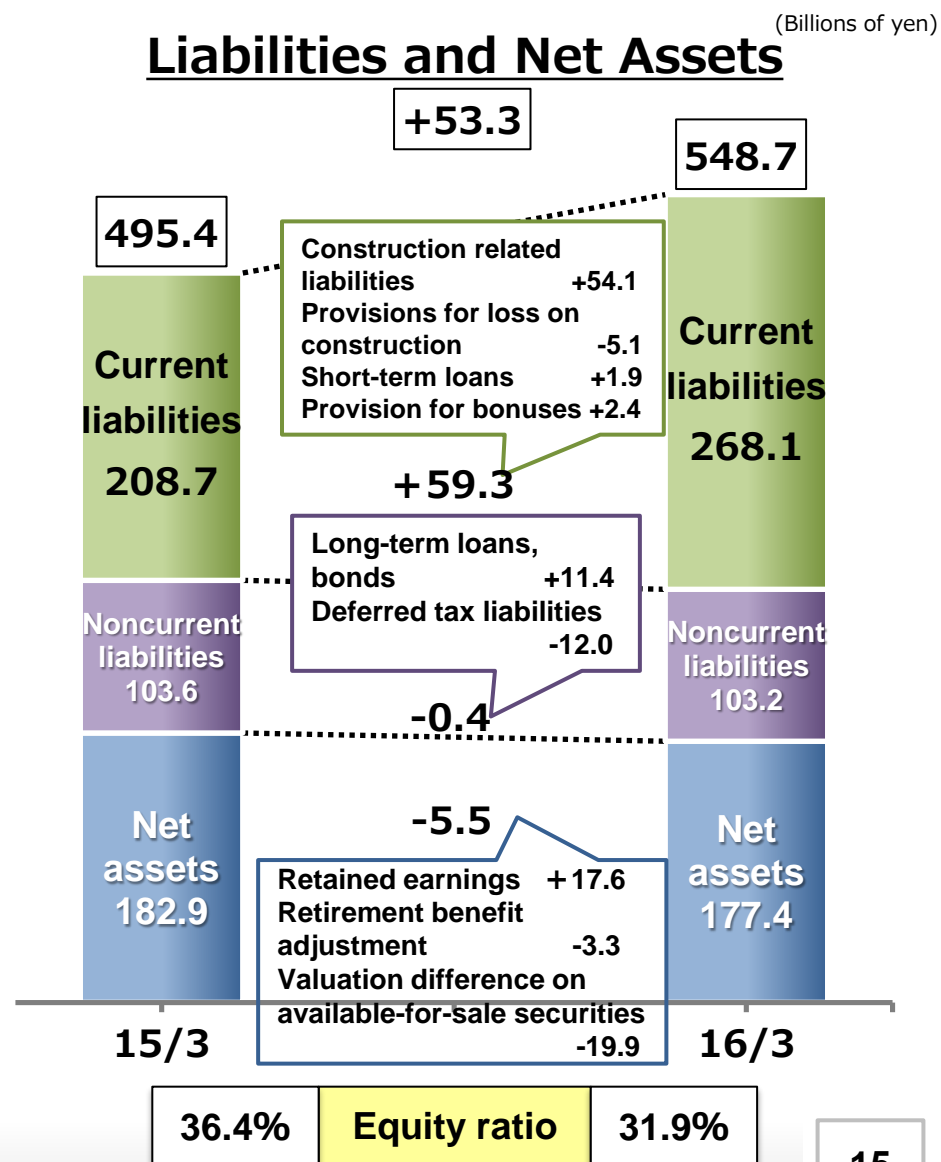
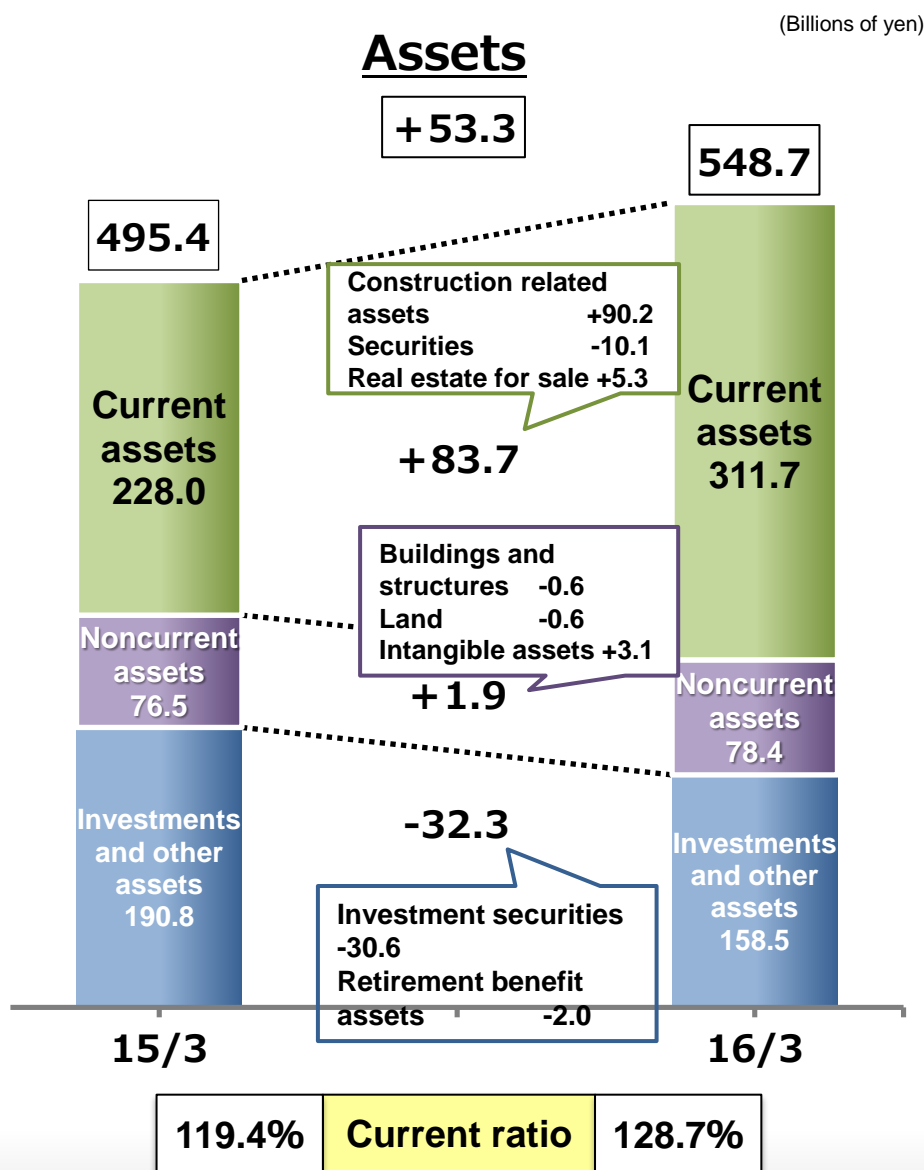
(Consolidated) Summary of Group Performance

FY2015 Billions of yen	Toda Corporation		Subsidiaries Total		FY2015 Consolidated		Ratio of consolidated to non-consolidated
		%		%		%	
Net sales	463.4		46.3		492.6		1.06
Gross profit	44.0	9.5	3.9	8.4	47.8	9.7	1.08
Selling, general and administrative expenses	23.5		2.7		26.1		
Operating income	20.4	4.4	1.1	2.5	21.6	4.3	1.05
Non-operating income	1.8		0.2		2.0		
Ordinary income	22.3	4.8	1.4	3.1	23.7	4.8	1.06
Extraordinary income	-1.0		-0.3		-0.7		
Income before income taxes	21.2		1.0		22.9		
Income taxes	2.4		0.2		2.7		
Net income	18.8	4.0	0.7	1.7	20.1	4.0	1.06
Net income attributable to owners of the parent					20.0		

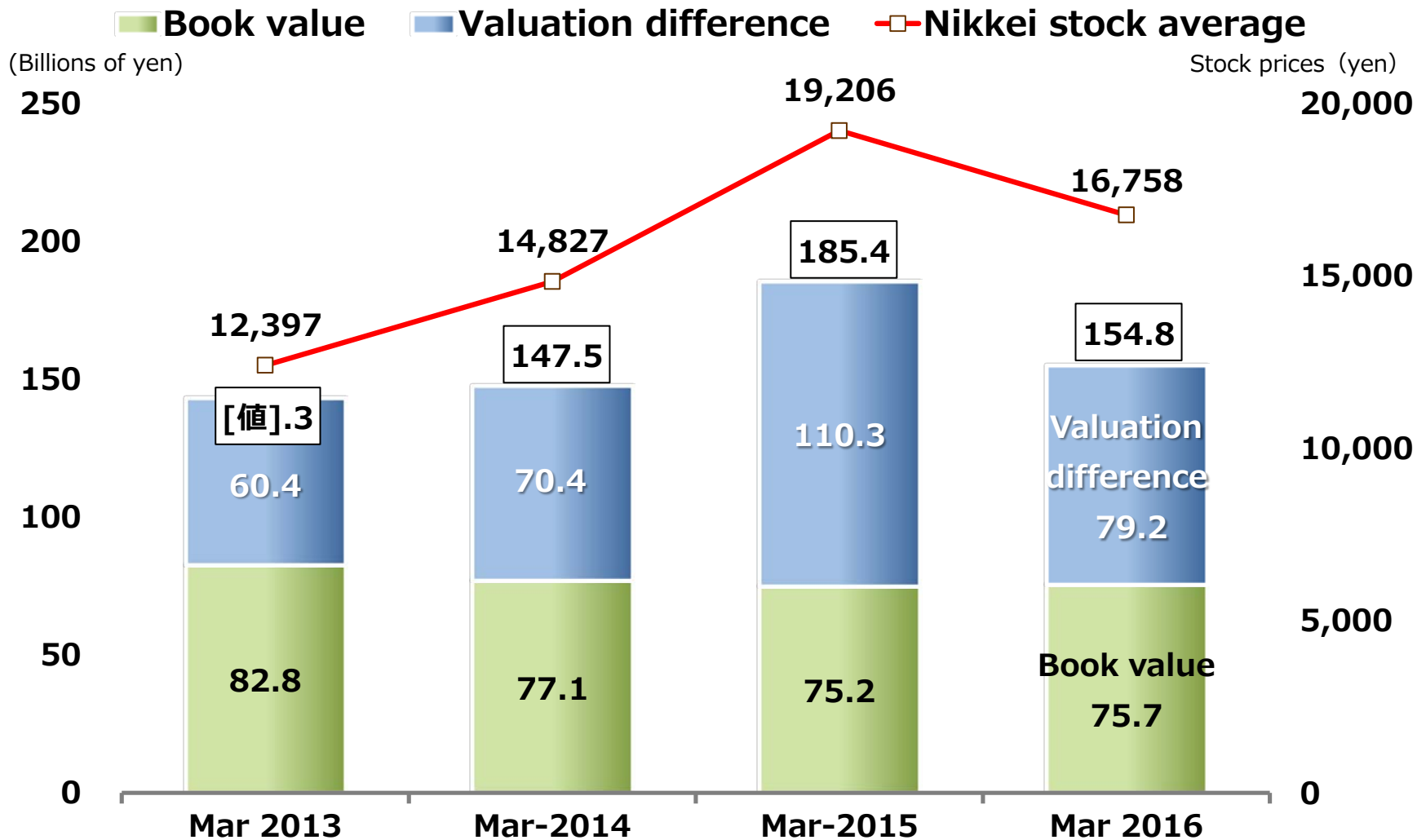
(Consolidated) Change in SG&A



(Consolidated) Balance Sheets



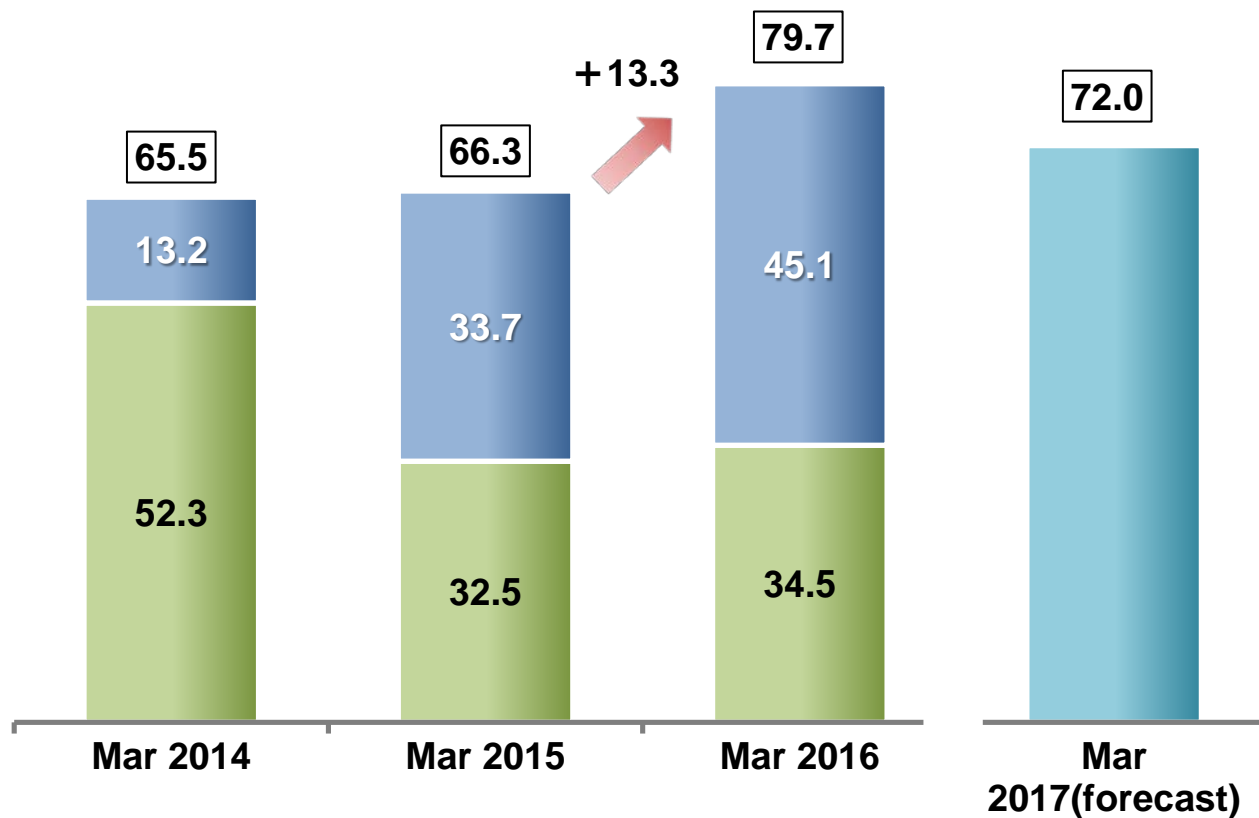
(Consolidated) Change in Investment Securities



(Consolidated) Change in Interest-Bearing Liabilities

■ Short-term ■ Long-term

(Billions of yen)

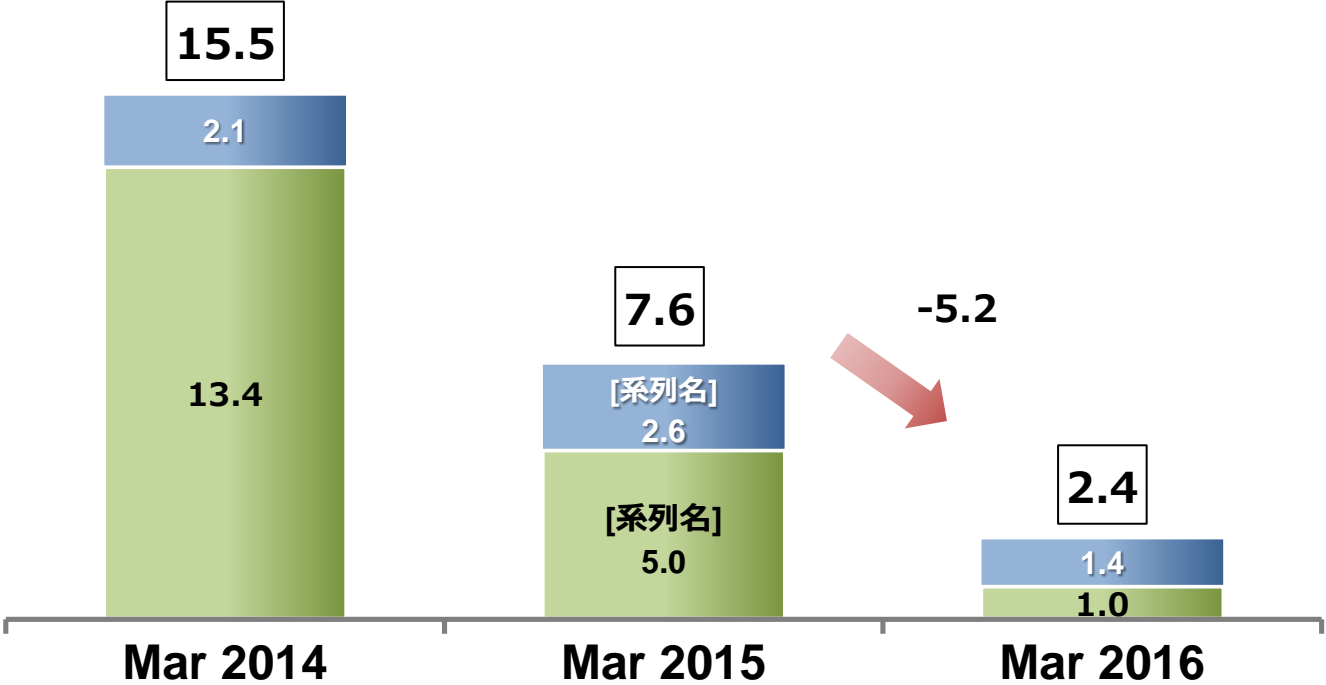


D/E Ratio	0.48x	0.37x	0.45x
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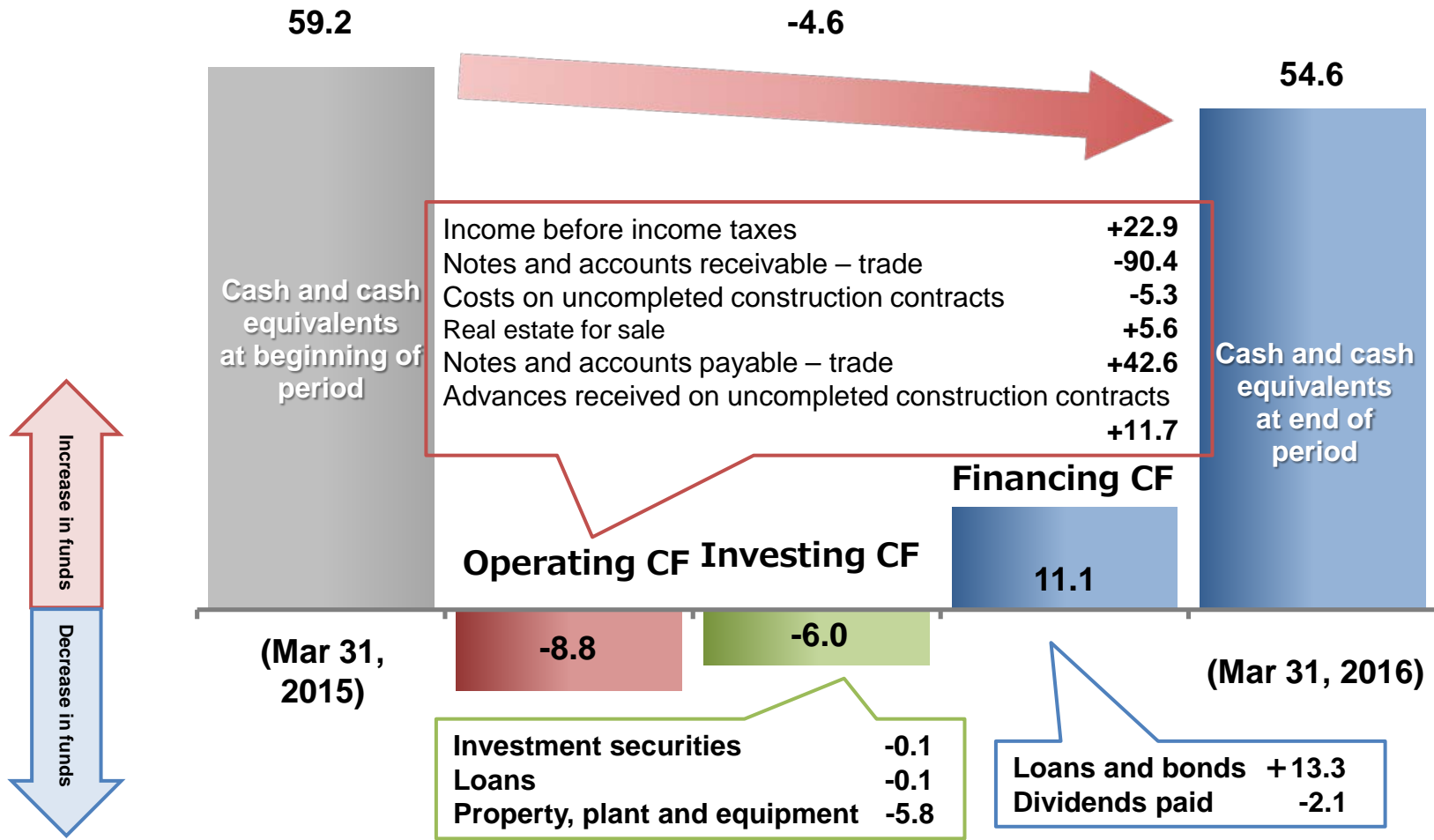
(Consolidated) Change in Provision for Loss on Construction Contracts

■ Architectural Construction ■ Civil Engineering (Billions of yen)



(Consolidated) Statement of Cash Flow

(Billions of yen)



1-3. Performance Forecasts



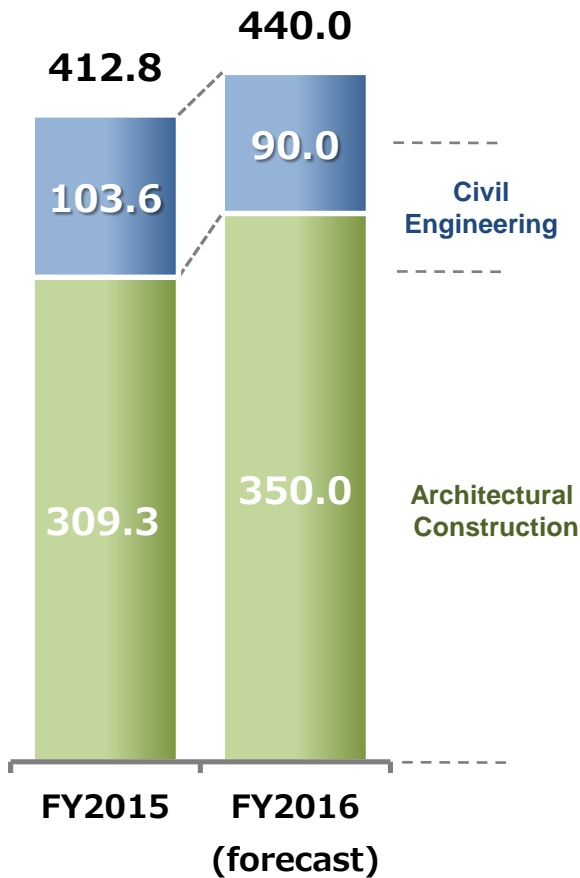
Forecasts for FY2016 (Year Ending March 31, 2017)

(Billions of yen)	FY2015	FY2016		
		Forecasts	<i>Change (year-on-year)</i>	
Consolidated net sales	492.6	445.0	-9.7%	-47.6
Operating income	21.6	18.5	-14.5%	-3.1
Ordinary income	23.7	20.3	-14.4%	-3.4
Profit attributable to owners of parent	20.0	17.3	-13.7%	-2.7
Orders received (non-consolidated)	412.8	440.0	+6.6%	+27.1

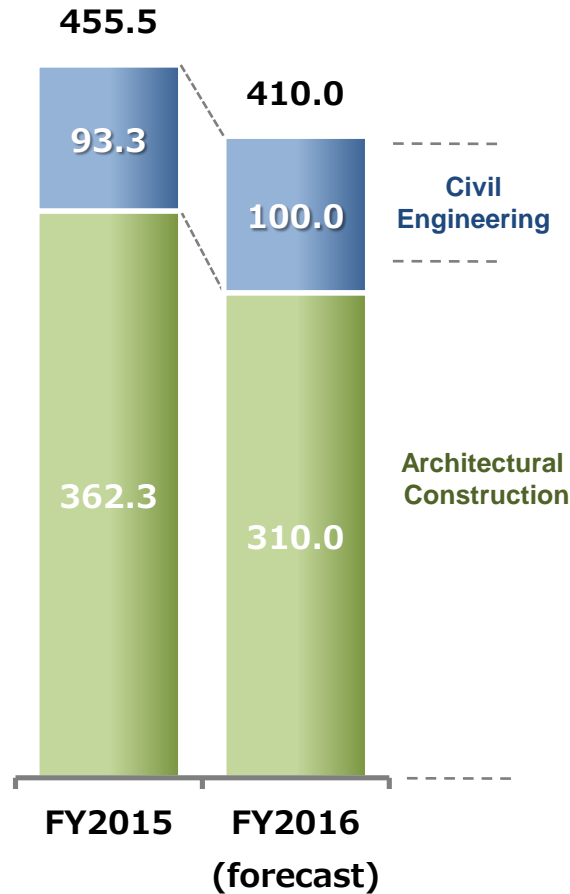
(Non-consolidated) Forecasts for the Construction Business

(Billions of yen)

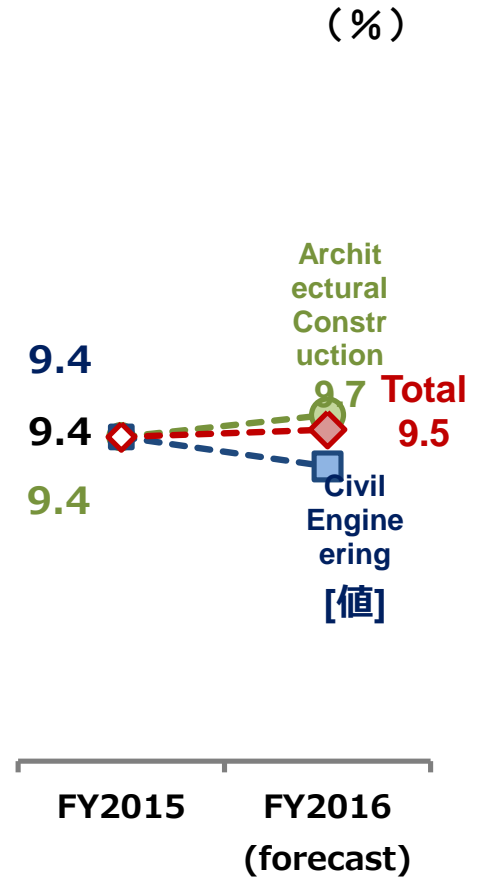
Orders Received for Construction



Net Sales of Completed Construction Contracts



Gross Profit Margin on Completed Construction Contracts



Non-consolidated Forecasts for FY2016

	Amount (billions of yen)	Profitability (%)
Net sales	414.5	
Gross profit	40.5	9.8
Profits in the construction business	39.0	9.5
[Architectural construction]	[30.0]	[9.7]
[Civil engineering]	[9.0]	[9.0]
Profits in the real estate business	1.5	33.3
Selling, general and administrative expenses	23.5	
Operating income	17.0	4.1
Ordinary income	18.7	4.5
Extraordinary income	0.0	
Net income	16.2	3.9

2. Progress of Management Plan



President Masanori Imai

Focus of Medium-term Management Plan 2017

(FY2015 – FY2017)

- **Break away from conventional concepts and create new value and systems –**


No.1 in Productivity

Establish the highest level of productivity in the general construction sector

Foundation for Growth

Expand business domain and pursue synergies with construction

2-1. FY2015 Review



Achieving Medium-term Management Plan Ahead of Schedule

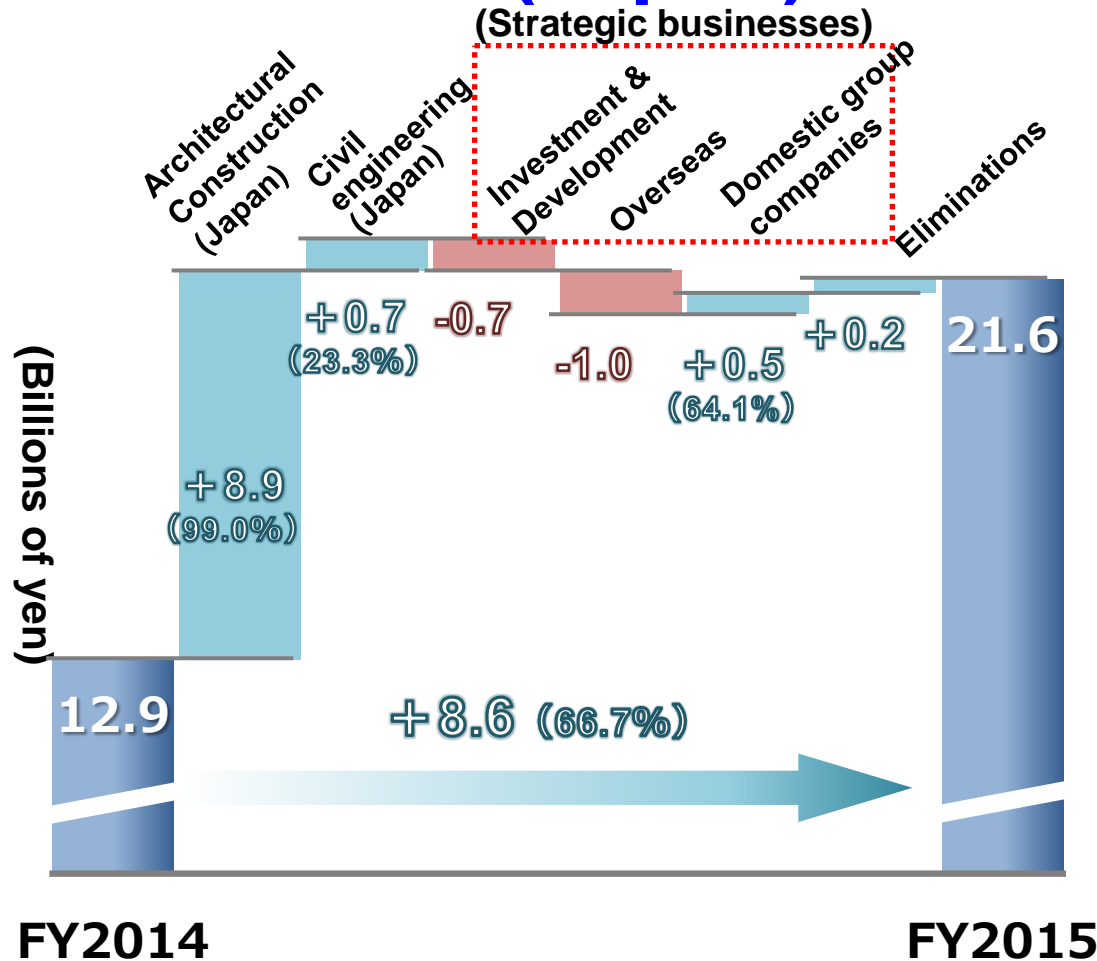
Achieved both profitability and productivity targets in FY2015

(Billions of yen)	FY2014 actuals	FY2015 actuals	FY2017 targets (initial targets)
Consolidated net sales	420.3	492.6	480.0
Operating income (operating income ratio)	12.9 (3.1%)	21.6 (4.4%)	17.0 (3.5%)
Labor productivity	11.54 million yen	14.55 million yen	13.00 million yen

*Labor productivity = Amount of value added (Operating income + Total personnel costs) / Number of employees (average during fiscal year, including non-permanent employees, etc.)

Changes in Operating Income by Segment

Profit increase at Architectural Construction (Japan) led the rest



Architectural Construction (Japan)

- Net sales increased due to completion of large-scale projects
- Gross margin rate improved due to cost reduction

Investment & Development

- Recorded real estate valuation loss resulting from asset disposal

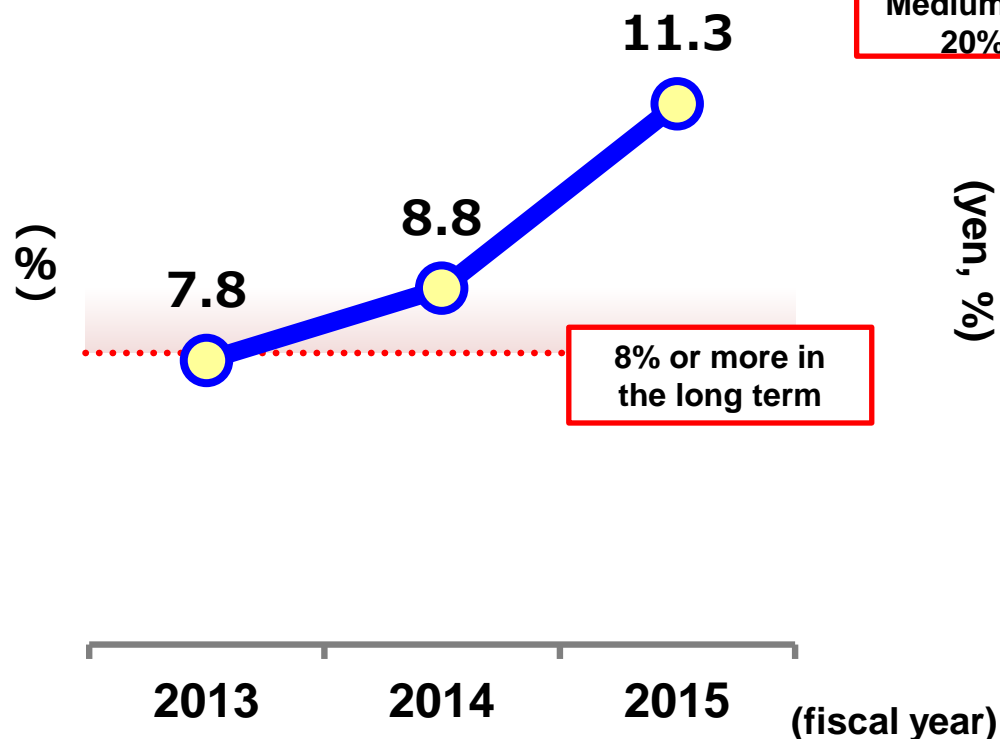
Overseas

- Profitability worsened as growth in emerging countries slowed

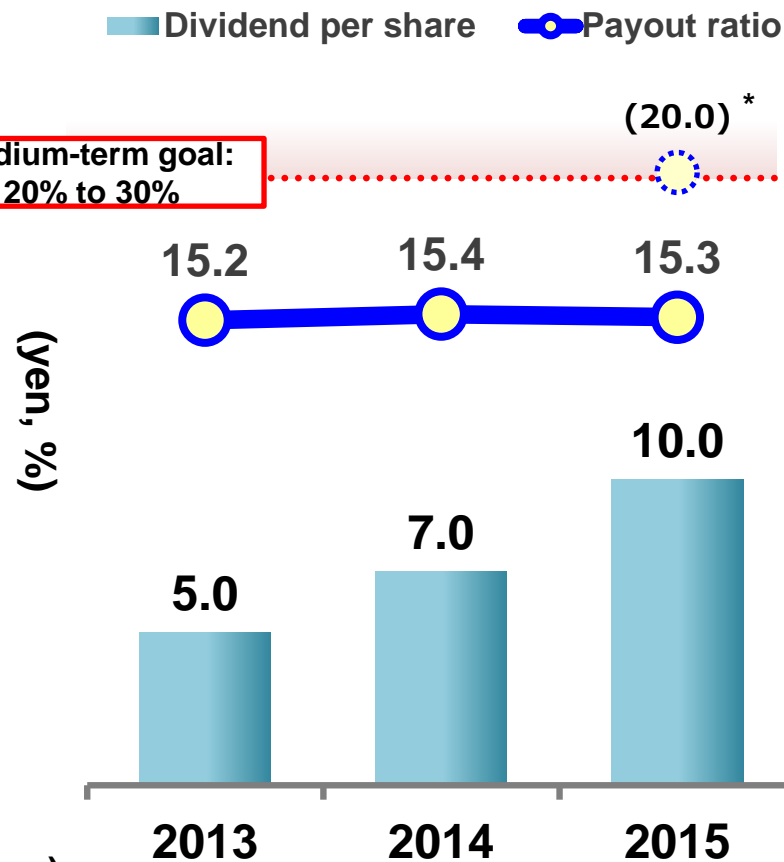
*Figures in () show y-o-y comparison

Capital Efficiency, Shareholder Returns

ROE (return on equity)

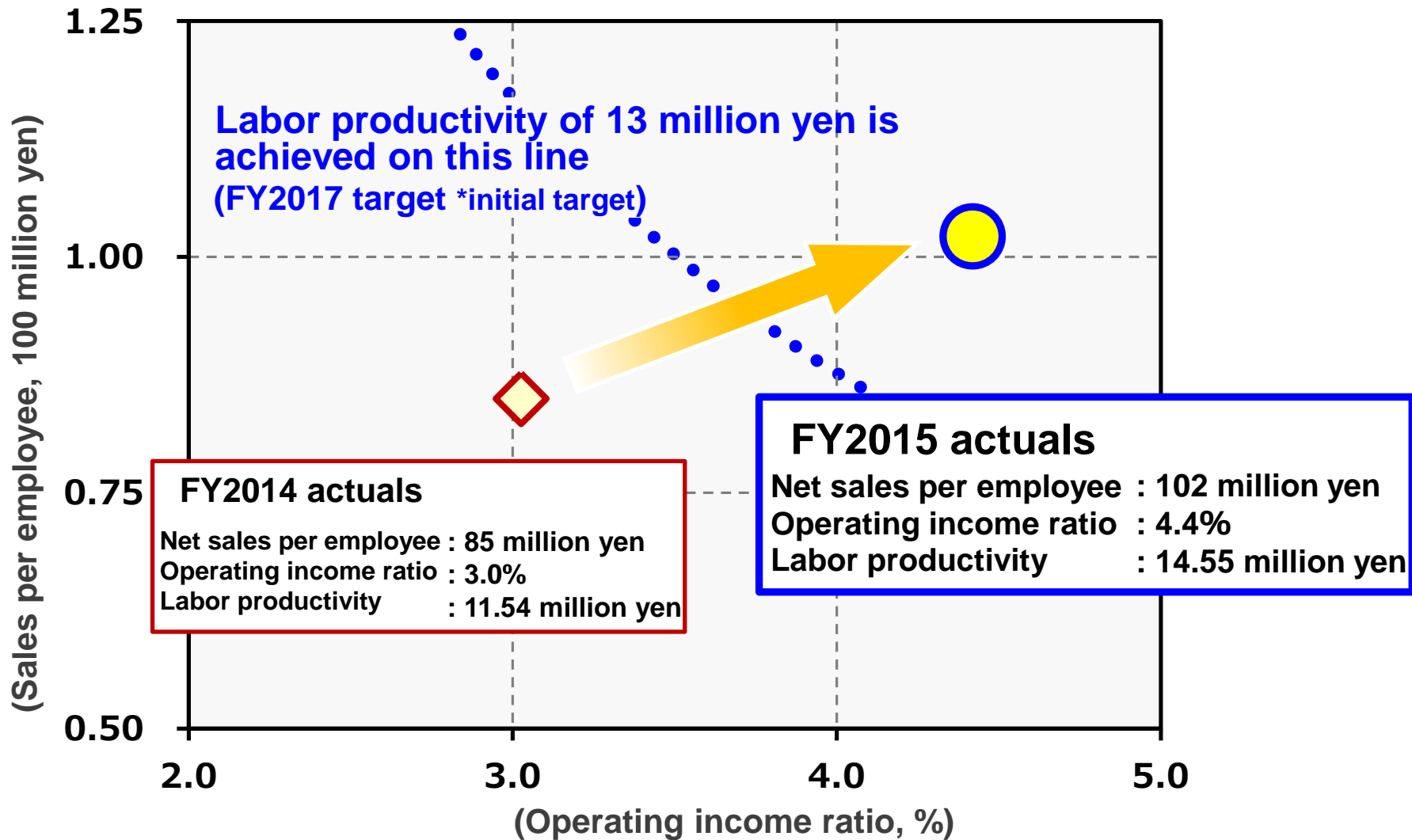


Dividend per share, payout ratio



* $\frac{\text{Total dividends}}{\text{Income before income taxes} \times (1 - \text{Effective tax rate})}$

Productivity-related Efforts



*Figures are non-consolidated basis

*Labor productivity = Operating income/Number of employee (Net sales/Number of employee × Operating income ratio) + Overall labor cost/Number of employee

Achievements and Issues

	Performance	Measures
Achievements	<ul style="list-style-type: none">• Improved income• Achievement of medium-term targets ahead of schedule	<ul style="list-style-type: none">• Progress in efforts to improve additional values
Issues	<ul style="list-style-type: none">• Make strategic businesses profitable	<ul style="list-style-type: none">• Improve net sales per employee (consumption capability, work speed)

Further strengthen efforts to become No. 1 in productivity
(continue to drive forward measures by revising the targets)

2-2. Medium-term Direction



Management Concept

A company that grows continuously

Continuous improvement of productivity

(reform production system and work process, rebuild ICT, mechanized construction, etc.)

Redistribution and optimization of human resources

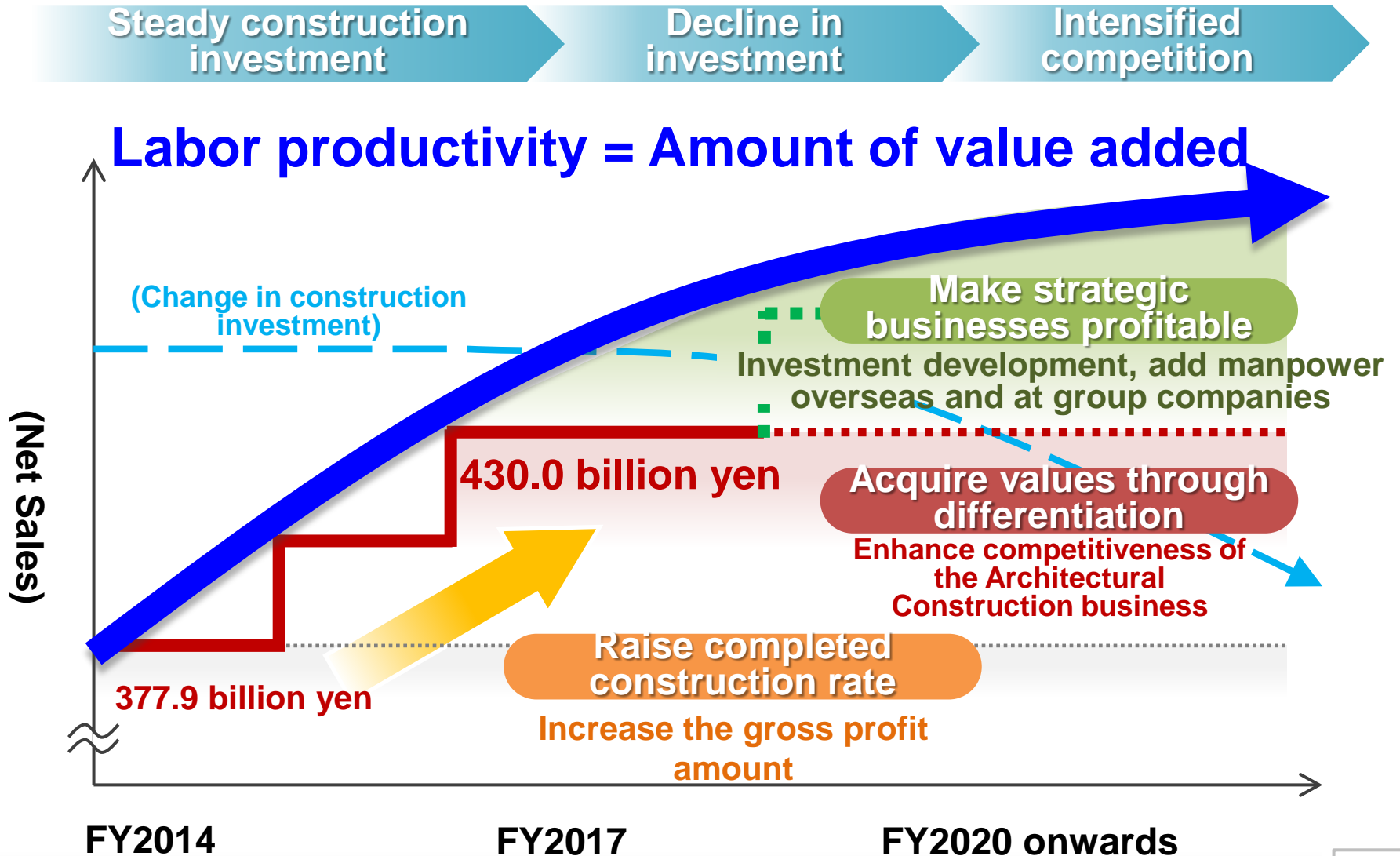
Acquire values through differentiation

Make strategic businesses profitable

Ensure and distribute fair profits

(Realize joy for stakeholders and contribute to social development)

Process for Achieving Continuous Growth



Benchmarks to Be Achieved (FY2020 onwards)

**Consolidated
net sales**

About **500** billion yen

**Operating
income ratio**

4.5 % or more

**Labor
productivity**

14 million yen or more

Medium-term Targets (Revised)

(Billions of yen)

	FY2015	FY2016	FY2017	FY2017
	Actuals	Forecasts	Revised targets	Initial targets
Consolidated net sales	492.6	445.0	480.0	480.0
Architectural Construction (Japan)	361.4	309.0	330.0	330.0
Civil engineering (Japan)	92.0	98.0	100.0	97.5
Investment & Development	7.9	4.5	5.0	5.0
Overseas	13.8	14.8	20.0	25.0
Domestic group companies	34.5	34.0	40.0	40.0
Consolidated eliminations	-17.2	-15.3	-15.0	-17.5
Operating income	21.6	18.5	20.0	17.0
Operating income ratio	4.4%	4.2%	4.2%	3.5%
Labor productivity Non-consolidated, (millions of yen)	14.55	13.00	13.20	13.00

Profit Targets by Business

(Billions of yen)

	FY2015	FY2016	FY2017	FY2017
	Actuals	Forecasts	Revised targets	Initial targets
Operating income	21.6	18.5	20.0	17.0
Architectural Construction (Japan)	17.9	14.0	14.0	11.5
Civil engineering (Japan)	3.7	4.0	4.5	3.6
Investment & Development	-0.0	0.1	0.2	0.5
Overseas	-1.3	-0.7	0.5	0.7
Domestic group companies	1.4	1.1	0.8	0.7
Consolidated eliminations	-0.0	-	-	-

2-3. Key Initiatives for FY2016

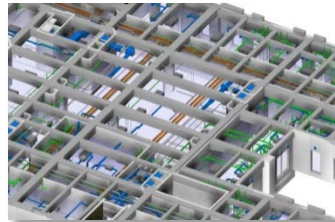
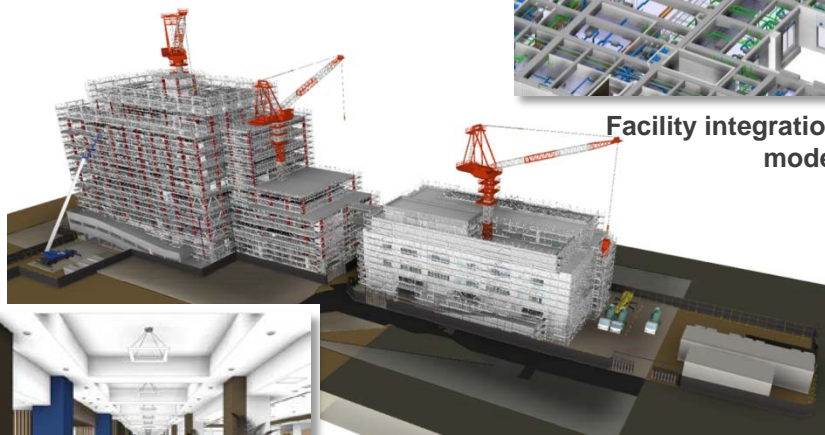


Production System Reform, Business Process Re-engineering

Build a highly productive business promotion structure

Promote front loading

(Utilization of BIM, CIM)



Facility integration model



3D perspective

Construction model

* BIM: Building Information Modeling
CIM: Construction Information Modeling

Re-build business processes

(Business process re-engineering activities)



Around 25%

Effect of reduced business hours
(FY2015 improvement proposal)

FY2014 -

FY2016

Business process re-engineering activities

ICT reconstruction

Standardization, labor saving

Create new battle force

*In FY2015 (from Feb. 2015 to Jan. 2016), activities were implemented mainly by Kanto branch

Technological Development

Unmanned and automated construction system

*Brushing up existing technologies – an image



A list of robots Toda has developed
 Toda will contribute to the society and the environment by leveraging the high-quality, safety and high efficiency of robots.

Automated metal bar plumbing adjustment system

TO-Plumb Navi

Chimurisu chimney dismantling



Board separating machine for composite boards TO-BOSS E



Environment

Small-scale anchor boring machine for seismic reinforcement



Maintenance

large-scale anchor boring robot



Iron sheet fitting robot for seismic reinforcement



Finish

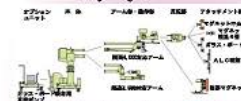
CW fitting robot TO-Auto FX



NEO cutter construction method



Module robot Easy-Lifter



ALC fitting machine



Changing the end effector enables it to grab various things such as glass, ALC and iron sheet.

Glass fitting robot



Toda-type automated construction system -Roof Robot-



Underground conveyance system



Automated spraying robot TN-Fukkun



3D movable gantry



Automated elevating scaffold TO-ALIS



Temporary

Reinforcing steel unit fitting machine



All weather temporary roof Sky-roof



Building frames

Automated finish conveyance system TO-CARRY



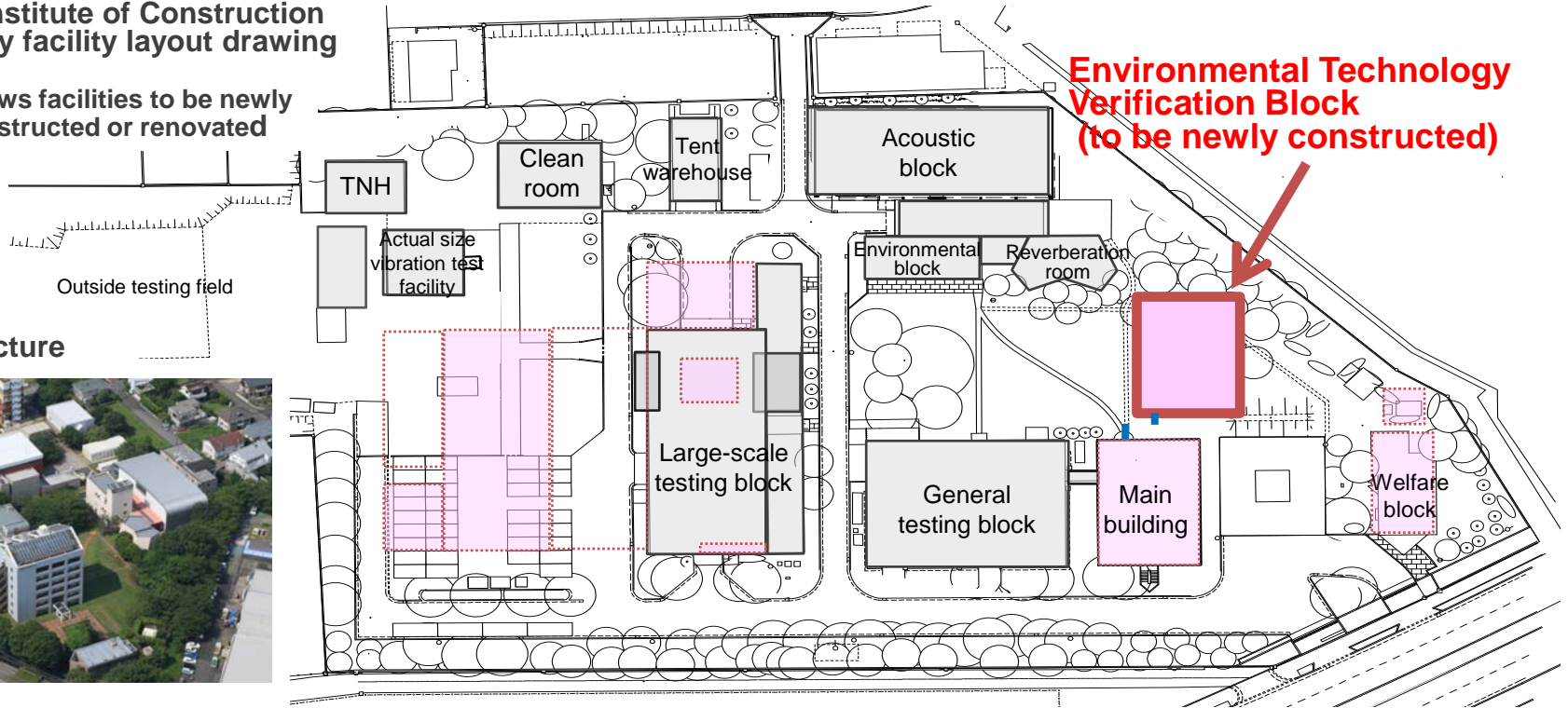
Large-sized formwork unit fitting machine



Institute of Construction Technology Facility Development

Tsukuba Institute of Construction Technology facility layout drawing

 shows facilities to be newly constructed or renovated



Overall picture



(Rendering)

(Temporary name) Environmental Technology Verification Block

To verify environment-related technologies to be introduced at the new head office building (Redevelopment Kyobashi 1 chome East Side Zone B). In the future, we plan to renovate it into a facility that aims to become carbon minus

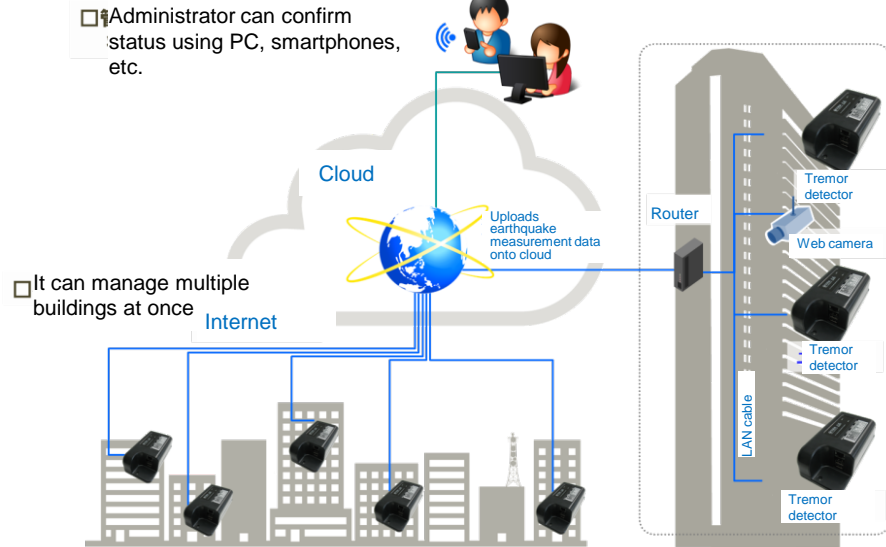
Work period: from May 2016 to March 2017
*Some of infrastructural works to last till May

Collaboration with Other Industries

Contribute to social development together with partners

Technology development of building facilities, maintenance management

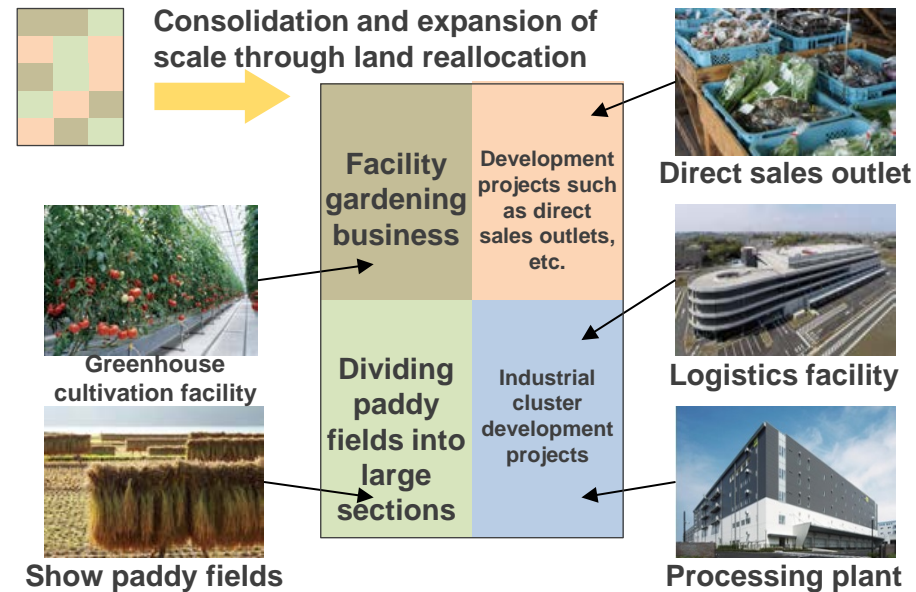
Building medical system Yure Kanchi (tremor detection)



*It uses acceleration sensor made by Murata Manufacturing Co., Ltd.

Urban development initiatives

Sixth-order industrialization of agriculture; promoted in Joso City, Ibaraki Prefecture



*Toda Corp. participates as business partner

Promotion of Investment & Development Business

Advancing initiatives for future revenue

Redevelopment of Kyobashi 1-chome East Side



Started demolition work of first zones (zone A and C). Carrying out discussions on new urban development

Floating offshore wind power generation business

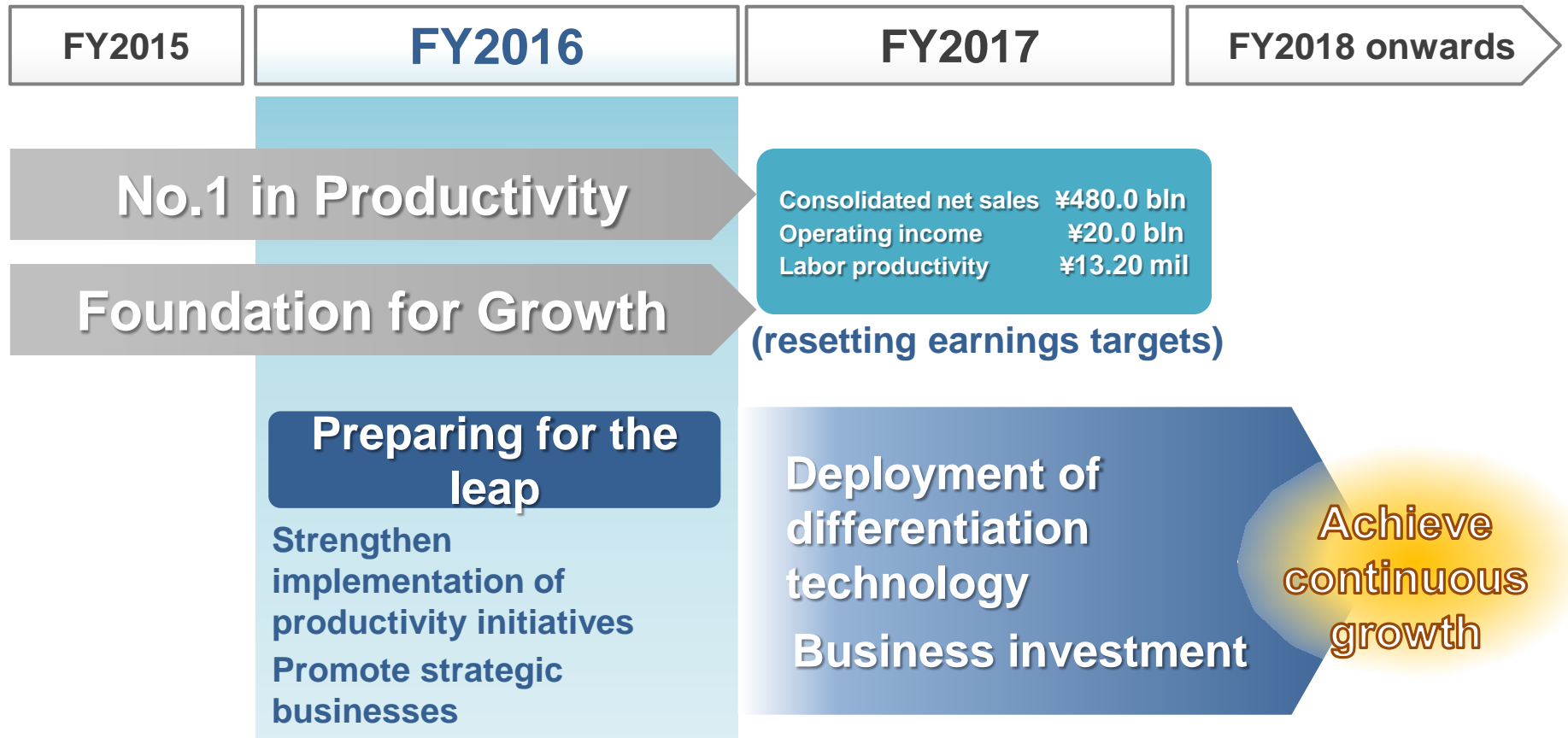


(Power plant commencement ceremony in Goto, Nagasaki Prefecture, on April 15, 2016)

Practical application of power facilities. Along with data gathering, accumulating knowledge on operation maintenance management

Conclusion: Positioning of FY2016

Establish a strong earnings structure to move into the next growth stage



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

