

FY03/21 Financial Results Briefing

May 19, 2021

Building the future on new foundations



TOKYU CONSTRUCTION

Overview of FY03/21 Financial Results

FY03/21 Financial Results Briefing

This briefing material includes our earnings forecasts and projections.

Please note that these reflect forecasts and estimates based on information available to the Company as of the date of release of this document, and contain uncertainties.

Business environment

- While government construction outlays were strong, private-sector enterprises further downsized and changed business plans, affected by COVID-19 infections, causing private sector construction capex to decline year-on-year
- On the construction cost front, materials & equipment prices were on an uptrend and public works design labor unit prices increased for the ninth consecutive year

Full-Year Results (Consolidated)

- Net sales declined as major projects such as the Shibuya redevelopment project played out and the COVID-19 pandemic led to delays in new construction works
 - Operating income declined to a greater extent due to lower profitability caused by intensifying competition as well as deteriorating revenues from some construction projects and development properties
- Net sales : 231,483 million yen (-28.1% YoY)
Operating Income : 3,549 million yen (-82.5% YoY)
- Orders were strong and grew significantly toward a potential business performance recovery from the next fiscal year onward

Orders : 320,916 million yen (49.2% YoY)

Financial conditions (Consolidated)

- Equity ratio was at 45.4%, a gain of 2.5 percentage points compared to March 31, 2020
- Acquired treasury stock in order to improve capital efficiency and carry out a flexible capital policy (total value of acquisition: 999 million yen)

FY03/21 Full-Year Results (Consolidated)



Posted lower profitability because net sales declined as major projects played out and new construction works were delayed
Meanwhile, orders were strong and grew significantly toward a potential business performance recovery in the future

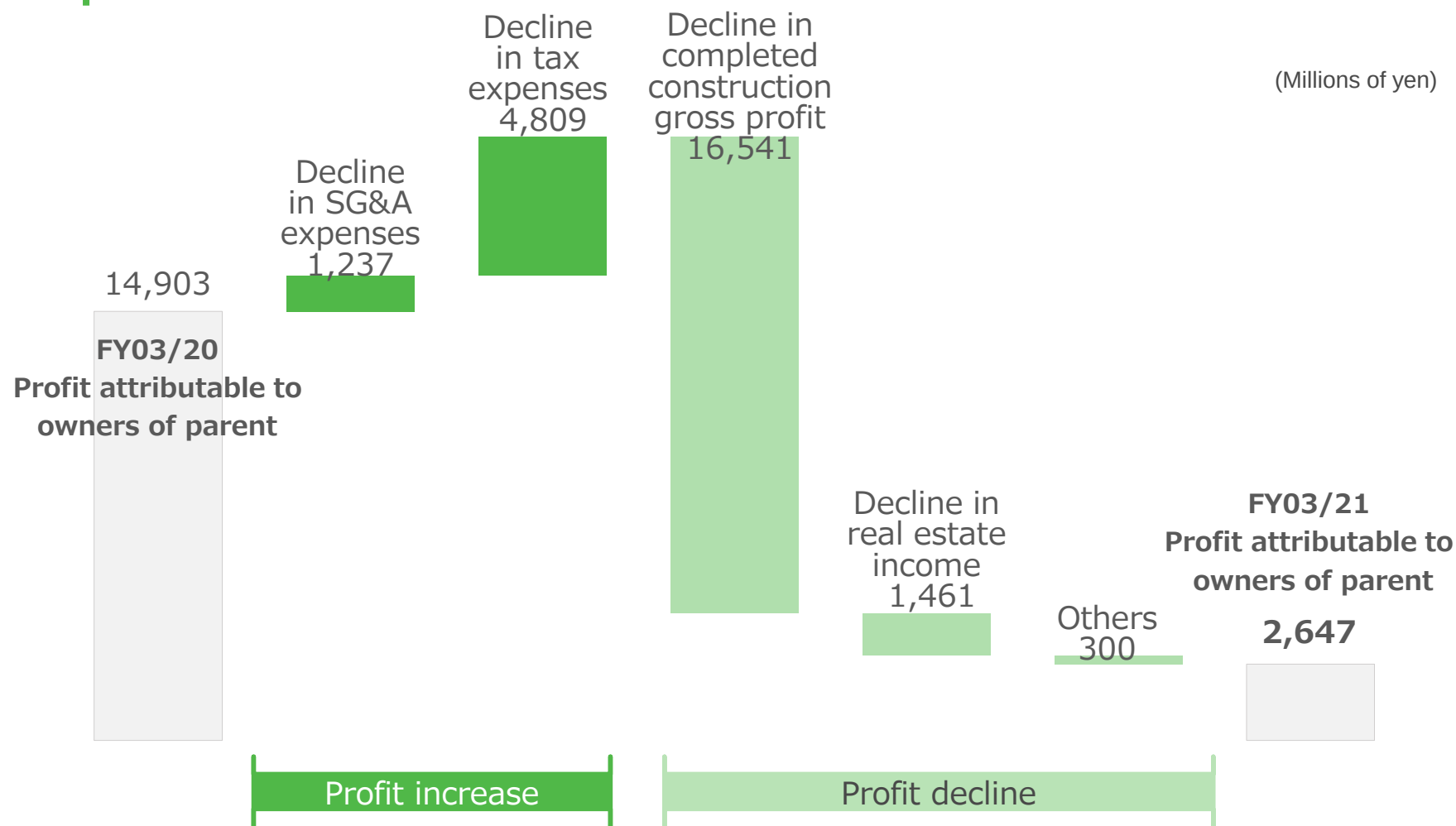
(Millions of yen)

Items	FY03/20	Ratio	FY03/21	Ratio	Difference compared to previous year	Rate of change
Orders	215,109	-	320,916	-	105,807	49.2%
Net Sales	322,170	-	231,483	-	(90,686)	(28.1%)
Gross profit	36,173	11.2%	18,170	7.8%	(18,003)	(49.8%)
Selling, general and administrative expenses	15,858	4.9%	14,620	6.3%	(1,237)	(7.8%)
Operating income	20,315	6.3%	3,549	1.5%	(16,766)	(82.5%)
Ordinary income	21,969	6.8%	4,891	2.1%	(17,077)	(77.7%)
Profit (losses) attributable to owners of parent	14,903	4.6%	2,647	1.1%	(12,256)	(82.2%)
ROE	15.4%	-	2.6%	-	(12.8Pt)	-

Factors Affecting Net Income (Consolidated)



Profit attributable to owners of parent decreased significantly due to declines in completed construction gross profit and in real estate gross profit



FY03/21 Full-Year Results (Non-Consolidated)



In civil engineering and building construction, both completed construction sales and completed construction gross profit decreased significantly
Real estate saw profit come under pressure due to deteriorating revenue from major development projects undertaken from the previous fiscal year

(Millions of yen)

Items	FY03/20	FY03/21		Difference compared to previous year	Rate of change
		Results	Ratio		
Completed construction sales	295,034	214,560	100%	(80,473)	(27.3%)
Civil engineering	88,078	75,568	35.2%	(12,509)	(14.2%)
Building construction	206,956	138,991	64.8%	(67,964)	(32.8%)
Completed construction gross profit	32,935	17,854	8.3%	(15,081)	(45.8%)
Civil engineering	8,218	6,031	8.0%	(2,186)	(26.6%)
Building construction	24,717	11,822	8.5%	(12,895)	(52.2%)
Real estate sales	1,391	1,684	-	292	21.0%
Real estate gross profit	151	(1,336)	(79.4%)	(1,488)	(980.4%)
Net sales	296,426	216,245	-	(80,181)	(27.0%)
Gross profit	33,087	16,517	7.6%	(16,570)	(50.1%)
Selling, general and administrative expenses	15,304	14,043	6.5%	(1,261)	(8.2%)
Operating income	17,782	2,474	1.1%	(15,308)	(86.1%)
Ordinary income	18,140	3,054	1.4%	(15,086)	(83.2%)
Net income	12,190	1,262	0.6%	(10,928)	(89.6%)

Completed construction sales・Completed construction gross profit (Non-Consolidated / Civil engineering)



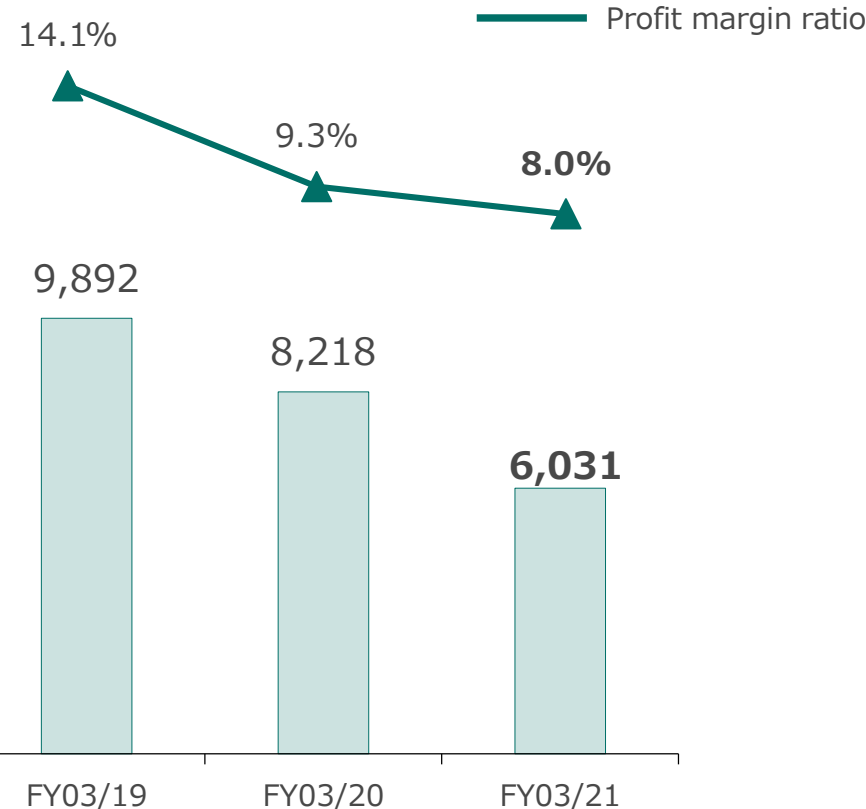
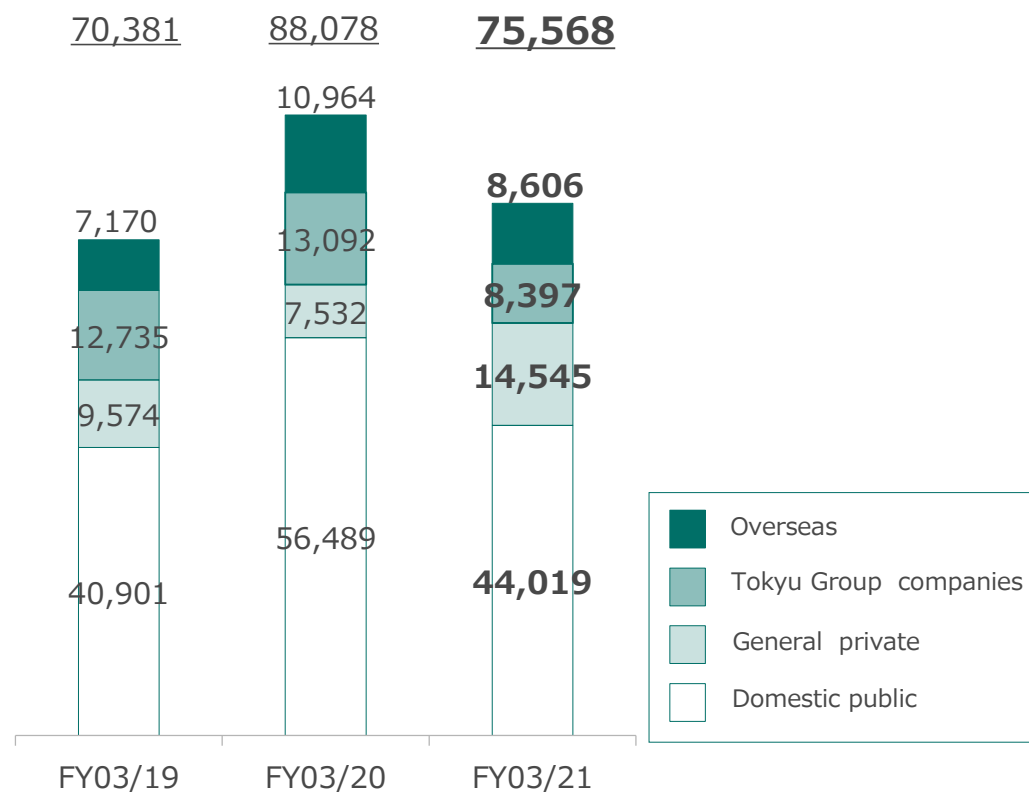
Completed construction sales: Declined due to a fall-off in major government work recorded a year ago and due to lower revenue from the Tokyu Group amid the COVID-19 pandemic

Completed construction gross profit: Declined as a construction work scheduled to be completed was rescheduled and revenues from some construction projects deteriorated

(Millions of yen)

Completed construction sales

Gross profit

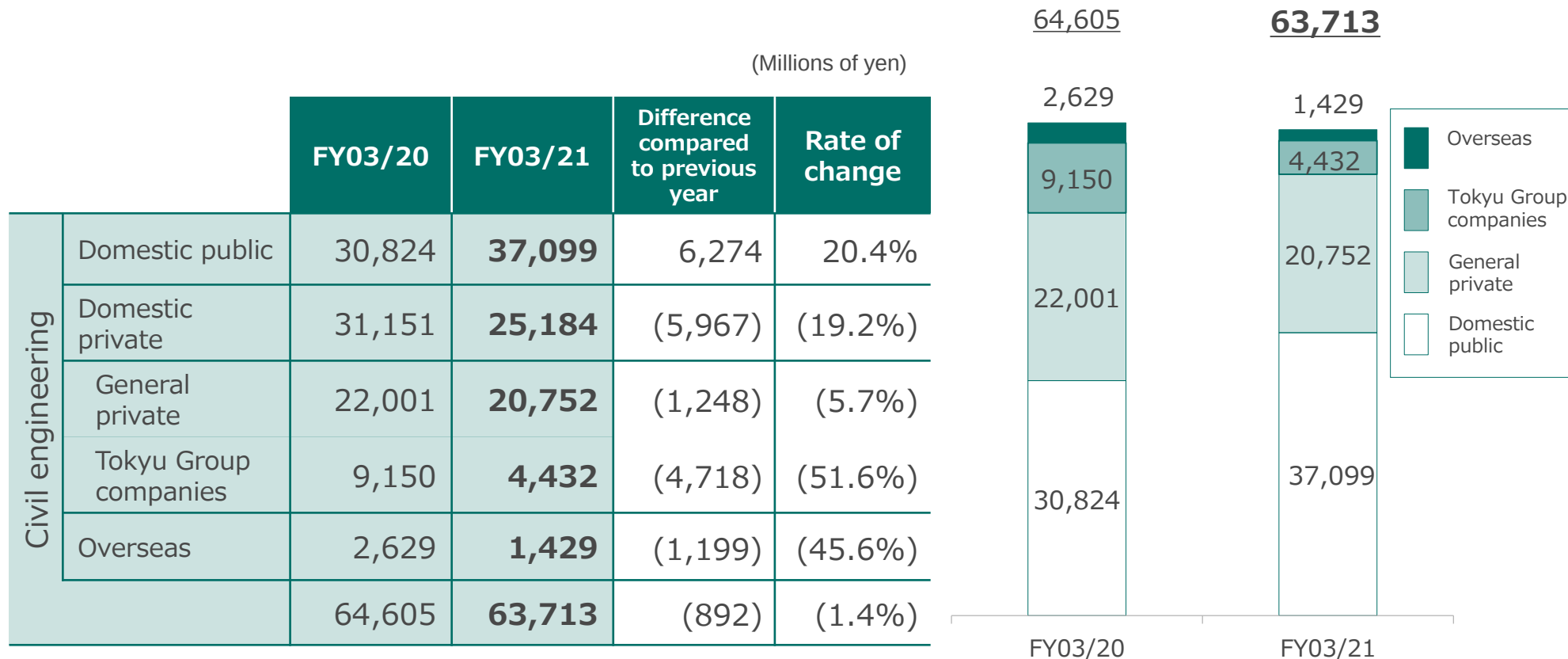


Orders (Non-Consolidated / Civil engineering)



Secured orders were flat year on year thanks to growing orders for domestic public projects although orders from the Tokyu Group halved, affected by the COVID-19 pandemic

Overseas, an order for a major ODA project was not granted due to the political turmoil in Myanmar



Completed construction sales・Completed construction gross profit (Non-Consolidated / Building construction)



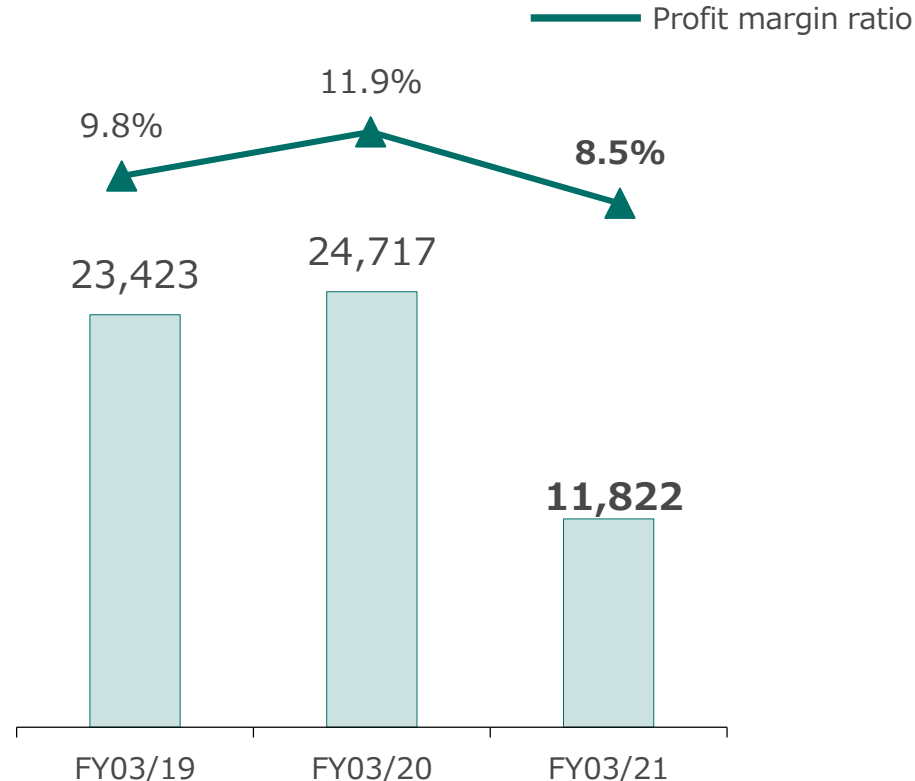
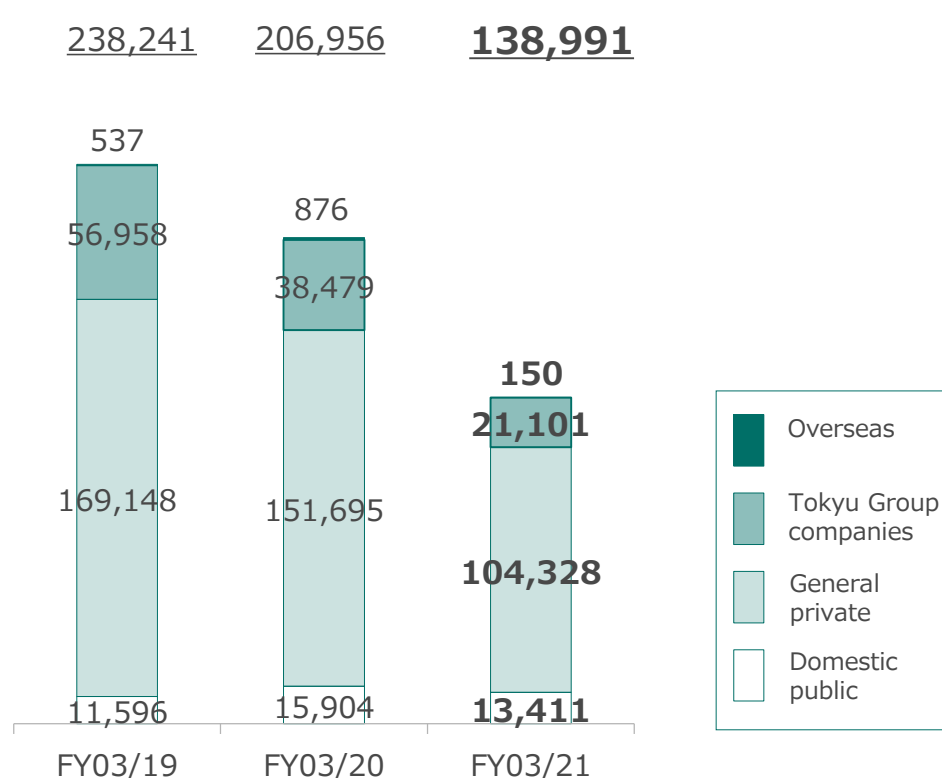
Completed construction sales: Declined as major projects played out and new projects were delayed due to the COVID-19 pandemic

Gross profit: Declined as profit from a major government work a year ago was no longer posted and profitability fell due to intensifying competition

(Millions of yen)

Completed construction sales

Gross profit



Orders (Non-Consolidated / Building construction)

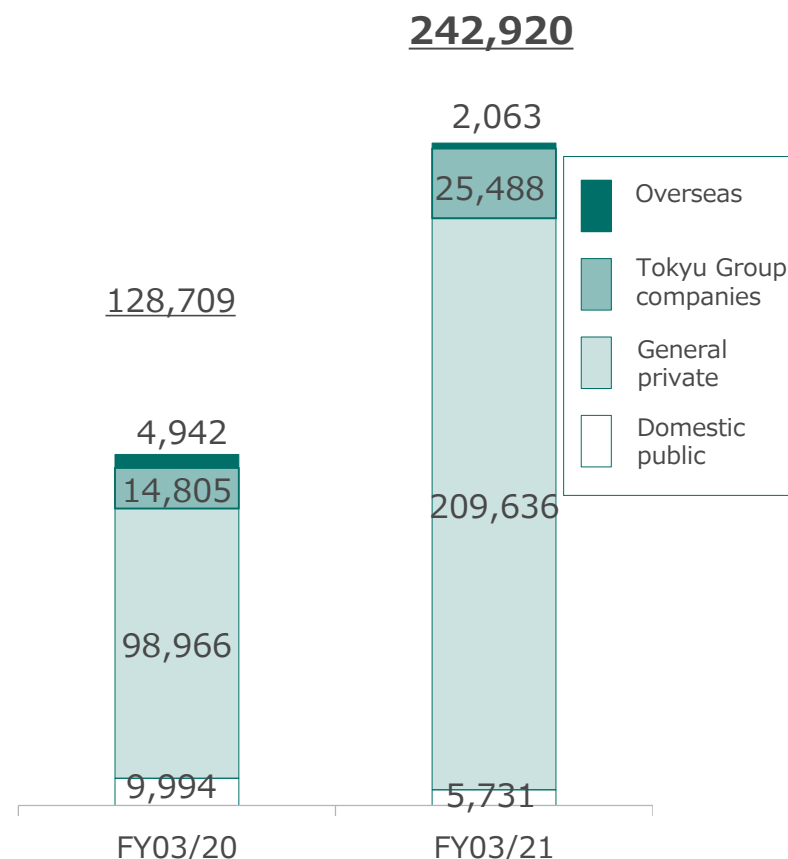


Received orders for multiple major logistics warehouses as well as redevelopment along Tokyu railway lines and environmentally-friendly construction (net zero energy building, ZEB, etc.)

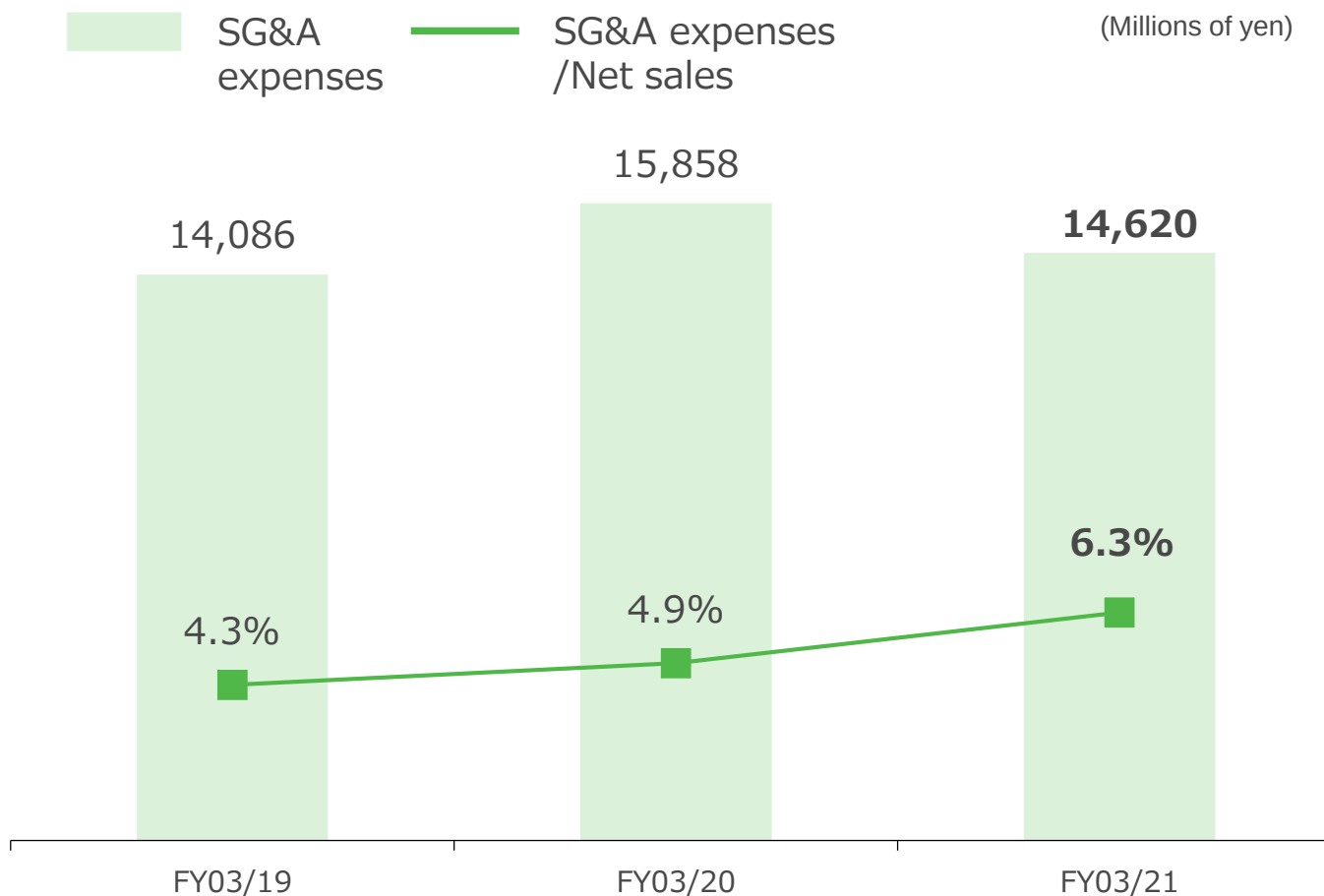
Orders increased significantly, helped by a base effect, and due partly to rescheduling from the previous fiscal year

(Millions of yen)

		FY03/20	FY03/21	Difference compared to previous year	Rate of change
Building construction	Domestic public	9,994	5,731	(4,262)	(42.6%)
	Domestic private	113,772	235,125	121,352	106.7%
	General private	98,966	209,636	110,669	111.8%
	Tokyu Group companies	14,805	25,488	10,682	72.1%
	Overseas	4,942	2,063	(2,879)	(58.3%)
		128,709	242,920	114,210	88.7%



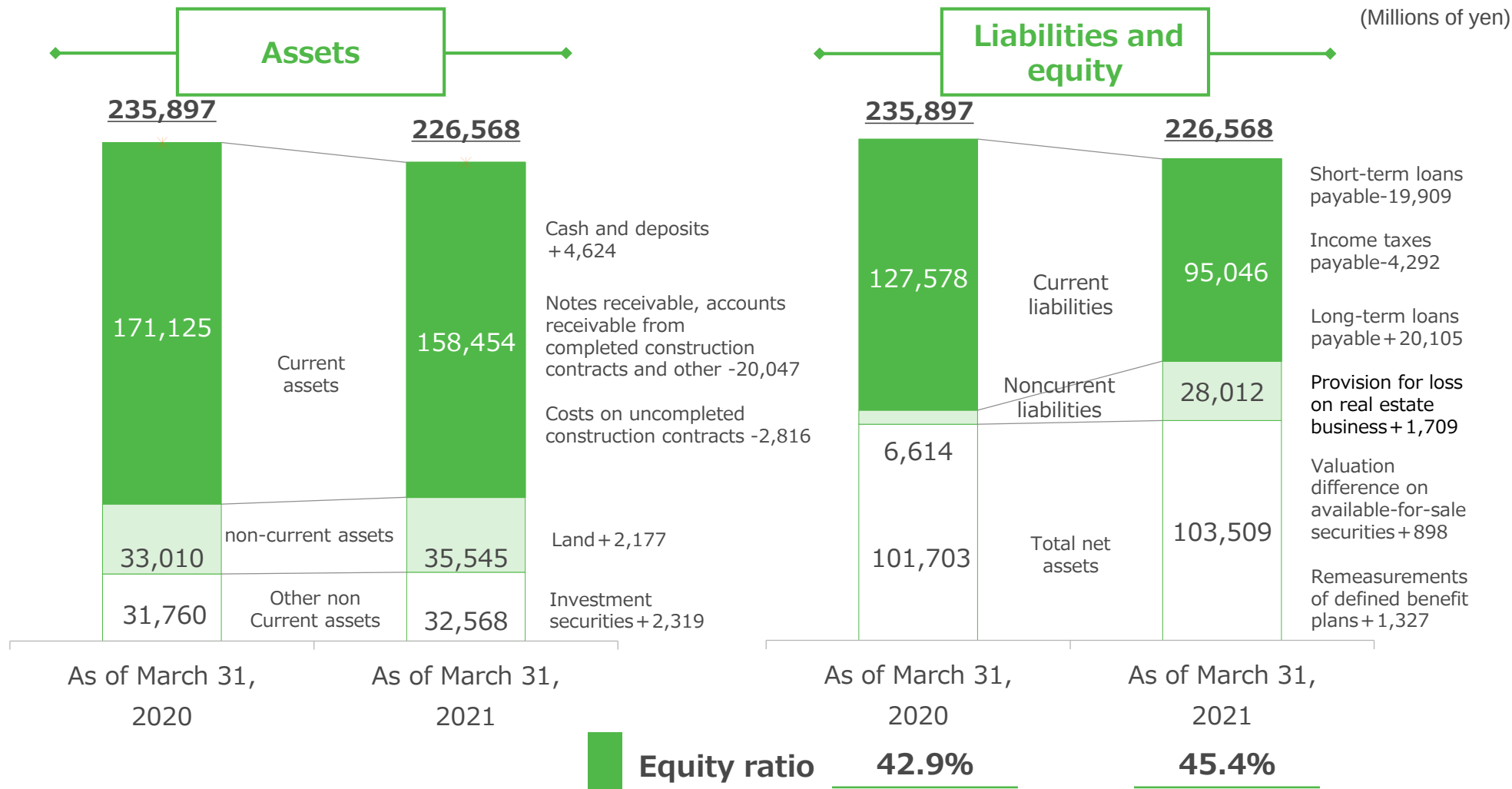
Selling, general & administrative expenses decreased due to expense-saving efforts amid the COVID-19 pandemic



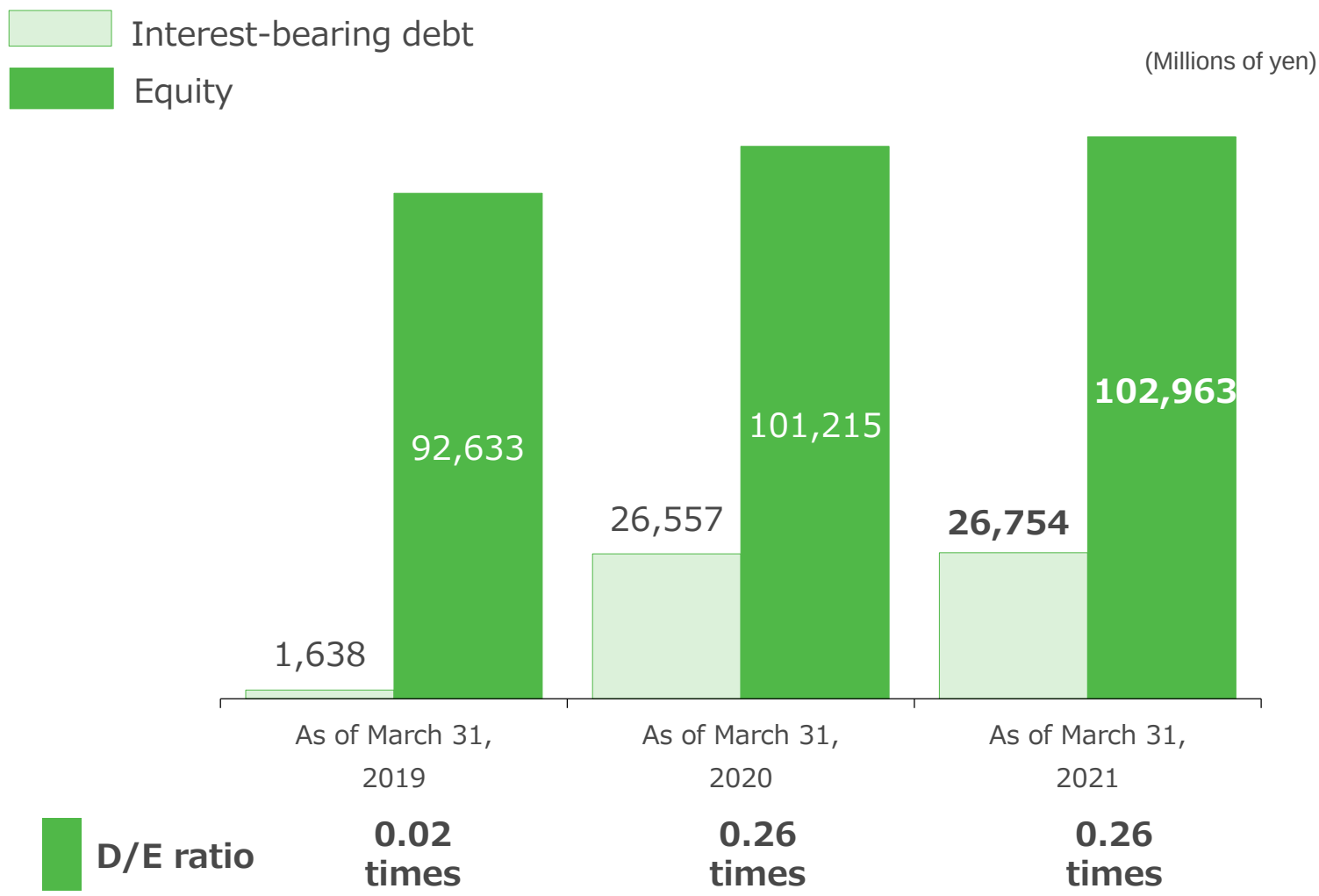
Balance Sheet (Consolidated)



Equity ratio was at 45.4%, a gain of 2.5 percentage points compared to March 31, 2020



D/E ratio was at 0.26 times, almost flat year on year



Cash flow statement (Consolidated)



Free cashflow improved to 7.8 billion yen as cash flows from operating activities increased due to reduced accounts receivable – trade, which was at a high level on March 31, 2020

(Millions of yen)

Items	Year ended March 31, 2020	Year ended March 31, 2021	FY03/2021 remarks
Cash flows from operating activities	(33,439)	11,629	Recording of income before income taxes and others, a cash increase caused by lower accounts receivable – trade, etc.
Cash flows from investing activities	(7,488)	(3,753)	Acquisition of non-current assets, subsidiary shares, etc.
Free cashflow	(40,928)	7,875	–
Cash flows from financing activities	21,604	(3,308)	Payment of dividends, acquisition of treasury stock, etc.
Effect of exchange rate change on cash and cash equivalents	(270)	56	–
Cash and cash equivalents at beginning of period	49,145	29,549	–
Cash and cash equivalents at end of period	29,549	34,173	–

VISION2030

Long-Term Management Plan

"To zero, from zero."

FY03/21 Financial Results Briefing

Please see the VISION2030 Long Term Management Plan “To zero, from zero.” released on May 12, 2021
<https://www.tokyu-cnst.co.jp/en/company/strategy/pdf/strategy.pdf>

Full-year Forecast for FY03/22

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P/L Forecast (Consolidated)

Net sales are forecast to increase due to order acquisition during the previous fiscal year

Gross profit will likely improve by 0.5 percentage points and operating income is forecast at 7.0 billion yen

(Millions of yen)

Items	FY03/21	Ratio	FY03/22 (Forecast)	Ratio	Difference compared to previous year	Rate of change
Net Sales	231,483	-	285,000	-	53,516	23.1%
Gross profit	18,170	7.8%	23,700	8.3%	5,529	30.4%
Selling, general and administrative expenses	14,620	6.3%	16,700	5.9%	2,079	14.2%
Operating income	3,549	1.5%	7,000	2.5%	3,450	97.2%
Ordinary income	4,891	2.1%	7,300	2.6%	2,408	49.2%
Profit (losses) attributable to owners of parent	2,647	1.1%	4,800	1.7%	2,152	81.3%

P/L Forecast (Non-Consolidated)



Net sales are forecast to increase due to higher completed construction sales in building construction

Operating income is forecast at 5.7 billion yen due to higher completed construction sales and recovering real estate gross profit

(Millions of yen)

Items	FY03/21	FY03/22		Difference compared to previous year	Rate of change
		Forecast	Ratio		
Completed construction sales	214,560	265,300	100%	50,739	23.6%
Civil engineering	75,568	69,800	26.3%	(5,768)	(7.6%)
Building construction	138,991	195,500	73.7%	56,508	40.7%
Completed construction gross profit	17,854	20,800	7.8%	2,945	16.5%
Civil engineering	6,031	6,900	9.9%	868	14.4%
Building construction	11,822	13,900	7.1%	2,077	17.6%
Real estate sales	1,684	1,700	-	15	0.9%
Real estate gross profit	△1,336	800	47.1%	2,136	-
Net sales	216,245	267,000	-	50,754	23.5%
Gross profit	16,517	21,600	8.1%	5,082	30.8%
Selling, general and administrative expenses	14,043	15,900	6.0%	1,856	13.2%
Operating income	2,474	5,700	2.1%	3,225	130.4%
Ordinary income	3,054	5,900	2.2%	2,845	93.2%
Net income	1,262	3,900	1.5%	2,637	208.8%

Order Forecast (Non-Consolidated)



Civil engineering: Orders from domestic public and domestic private are forecast to decline despite rising orders from the Tokyu Group

Building construction: Orders from domestic private are forecast to decline in a fall-off from a sharp increase a year ago despite rising orders from domestic public and the Tokyu Group

(Millions of yen)

		FY03/21	FY03/22 (Forecast)	Difference compared to previous year	Rate of change
Civil engineering	Domestic public	37,099	32,000	(5,099)	(13.7%)
	Domestic private	25,184	23,000	(2,184)	(8.7%)
	General private	20,752	13,000	(7,752)	(37.4%)
	Tokyu Group companies	4,432	10,000	5,567	125.6%
	Overseas	1,429	2,000	570	39.9%
		63,713	57,000	(6,713)	(10.5%)
Building construction	Domestic public	5,731	18,000	12,268	214.0%
	Domestic private	235,125	180,000	(55,125)	(23.4%)
	General private	209,636	150,000	(59,636)	(28.4%)
	Tokyu Group companies	25,488	30,000	4,511	17.7%
	Overseas	2,063	2,000	(63)	(3.1%)
		242,920	200,000	(42,920)	(17.7%)
Total		306,633	257,000	(49,633)	(16.2%)

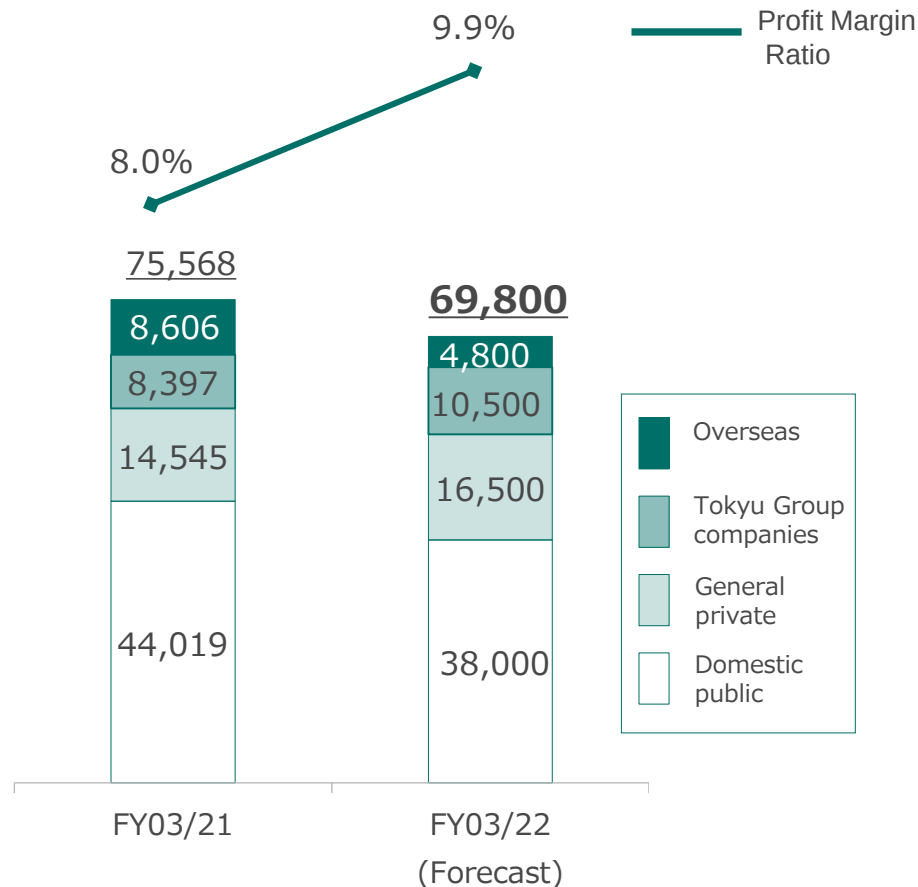
P/L·Order Forecast (Non-Consolidated／Civil engineering)



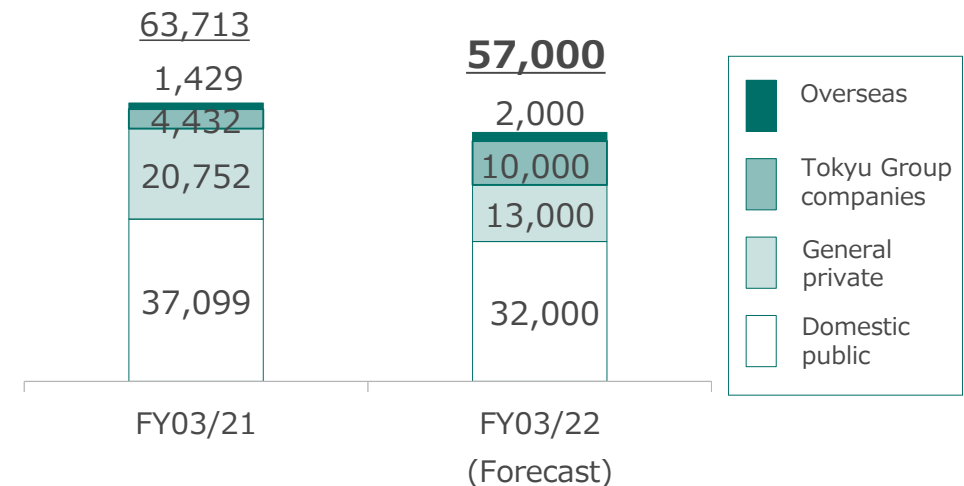
Completed construction gross profit is forecast to improve as the revenue deterioration experienced in the previous fiscal year is expected to dissipate

(Millions of yen)

Completed construction sales ・Gross Profit



Orders



【Construction work carried forward】

	FY03/21	FY03/22 (Forecast)
Amount brought forward	118,531	106,676
Orders	63,713	57,000
Completed construction sales	75,568	69,800
Amount carried forward	106,676	93,876

P/L·Order Forecast (Non-Consolidated／Building construction)

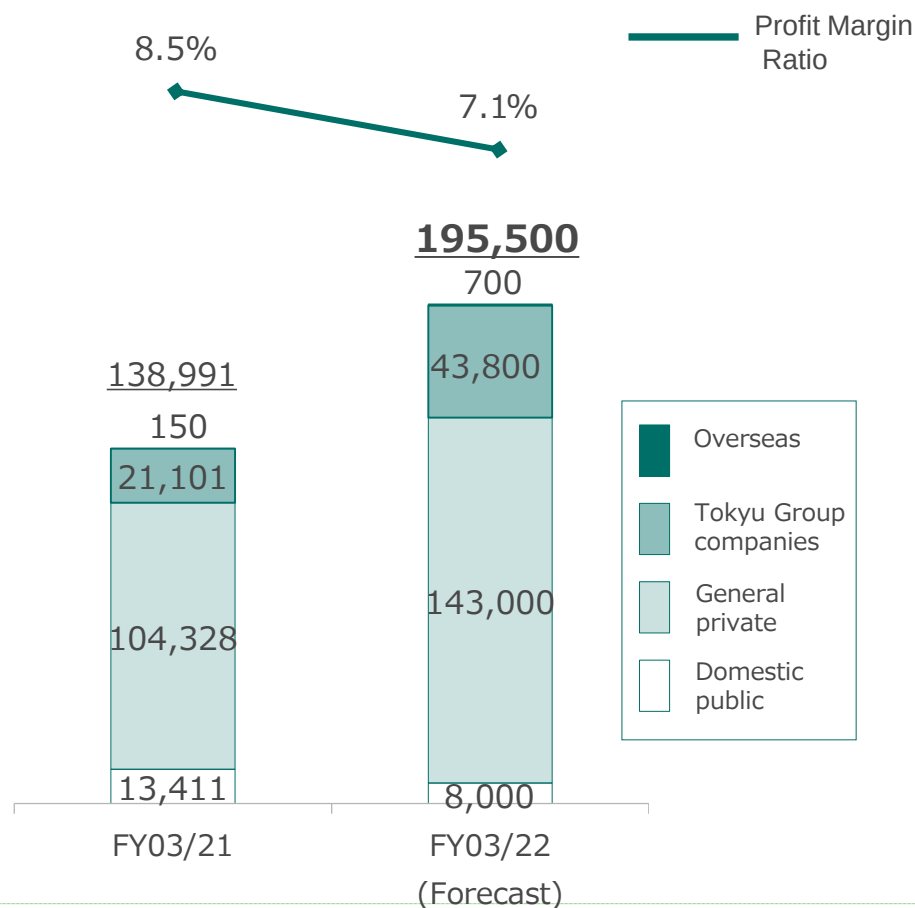


Completed construction sales are forecast to increase significantly owing to increased orders for the previous fiscal year

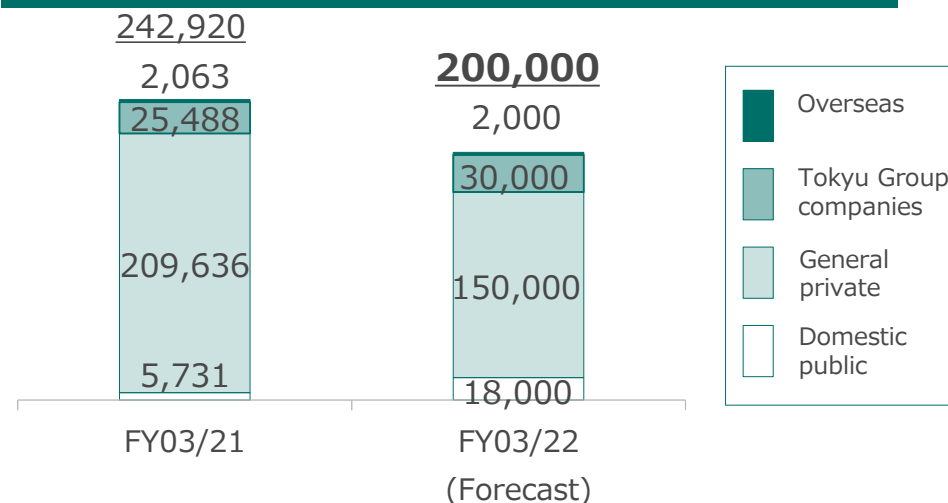
Meanwhile, completed construction gross profit margin ratio is forecast to decline due to intensifying competition and rising construction costs

(Millions of yen)

Completed construction sales ·Gross Profit



Orders



【Construction work carried forward】

	FY03/21	FY03/22 (Forecast)
Amount brought forward	133,007	236,935
Orders	242,920	200,000
Completed construction sales	138,991	195,500
Amount carried forward	236,935	241,435

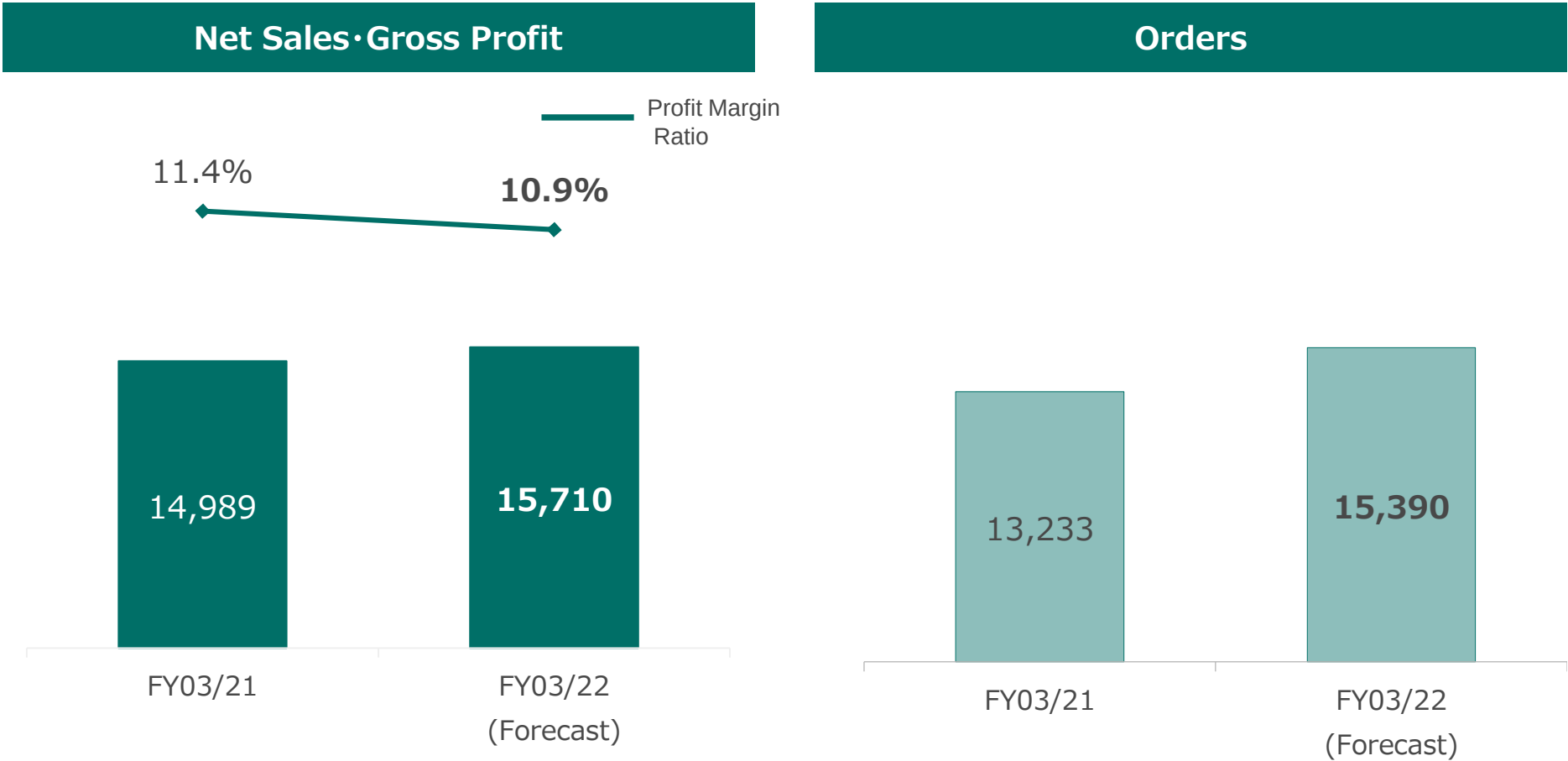


Net Sales·Gross Profit Forecast (Construction Renewal)



Both sales and orders for the construction renewal business are forecast to recover in comparison to the previous fiscal year, but the recovery will likely be limited as we need to assume continued effects from the COVID-19 pandemic

(Millions of yen)



* Each of the numbers for the construction renewal business is a simple sum of numbers from Tokyu Renewal Co., Ltd. and Token Industry Co., Ltd., subsidiaries engaged in the business, and no elimination was taken into account

Net Sales・Gross Profit Forecast (International・Real estate)

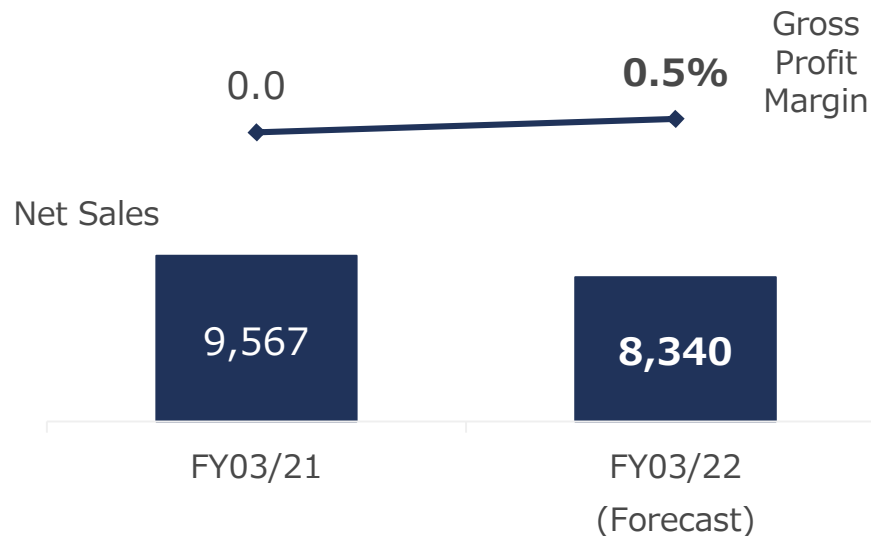


Overseas: Improvement will likely be limited as the Myanmar situation is becoming uncertain

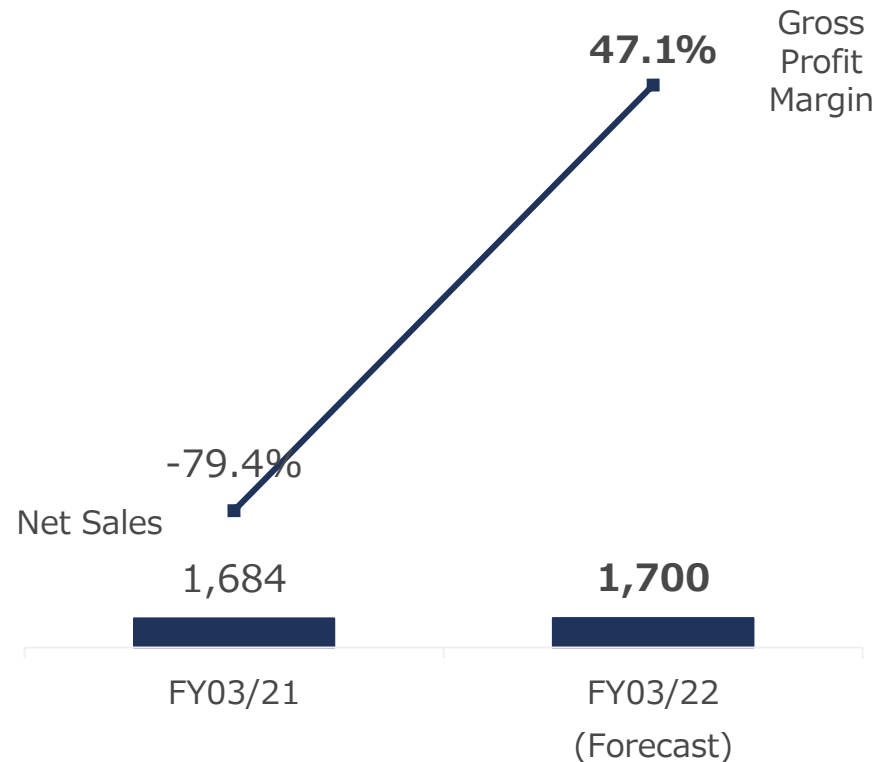
Real estate: Profitability is forecast to improve due to the disappearance of the effects from the development revenue deterioration experienced in the previous fiscal year

(Millions of yen)

International



Real estate



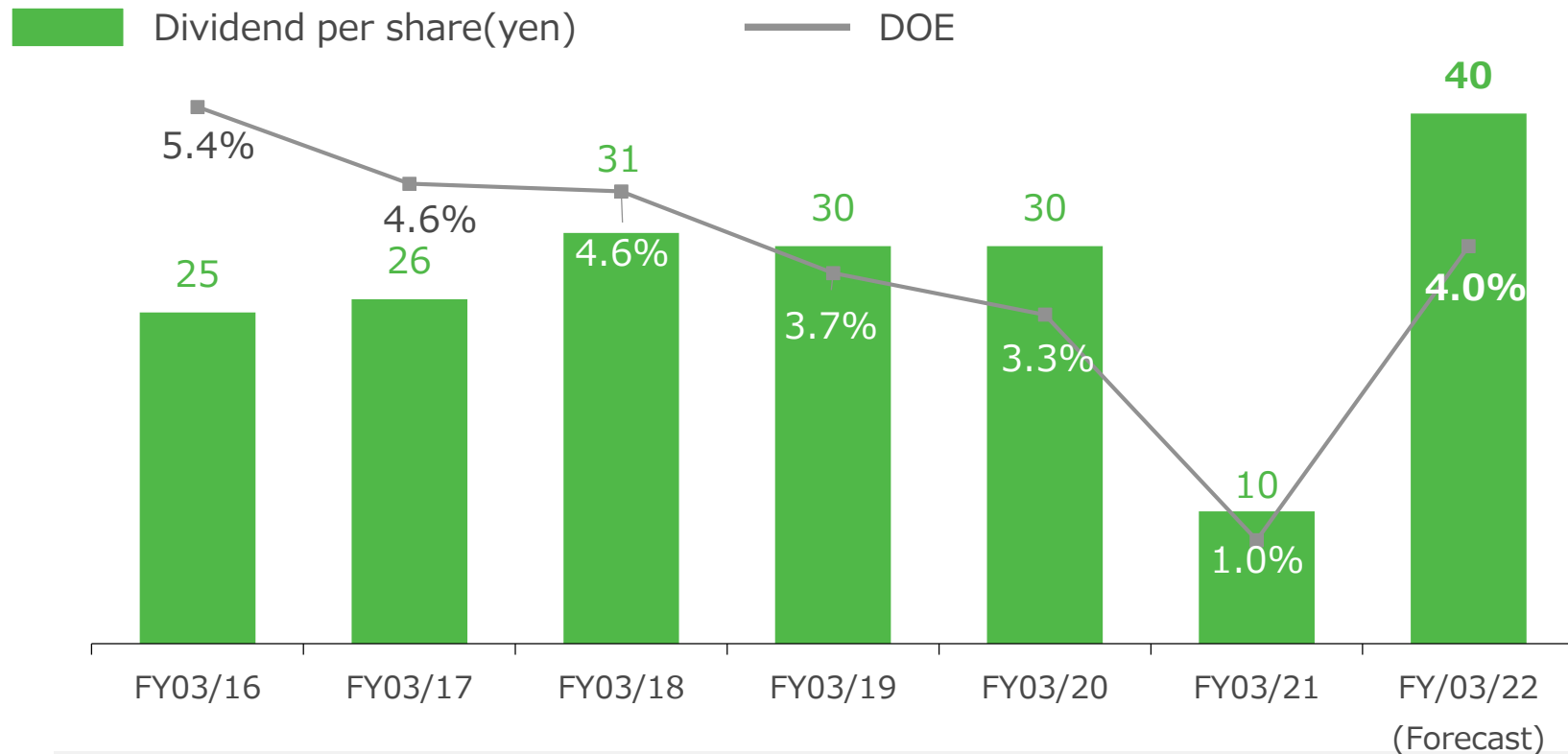
*Each of the numbers for Overseas is a simple sum of numbers from two overseas subsidiaries (TCI and GTC) and from non-consolidated overseas business of the Company, and no elimination was taken into account.

TCI: Pt. Tokyu Construction Indonesia/GTC: Golden Tokyu Construction Co., Ltd. (Myanmar)

*Numbers for the real estate business are the values of the sales and gross profit of the real estate business on the Company's non-consolidated statement of income.

Dividend Forecast

We aim to achieve a dividend on equity ratio (DOE) of 4.0% or more, and will pay dividends steadily and consistently in a manner not easily affected by short-term profit volatility



Treasury stock acquisition

Total number of shares of treasury stock for FY3/2021: 1,965,100 shares
(total value of acquisition: 999,976,175 yen)

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TOKYU CONSTRUCTION

[Inquiries]

Nishida/Morita

Corporate Planning Department, Corporate Strategy Division

TEL: +81-3-5466-5008

URL: webmaster@tokyu-cnst.co.jp