

Financial Results FY2018 2nd Quarter

November 14, 2018



Kumagai Gumi Co.,Ltd.



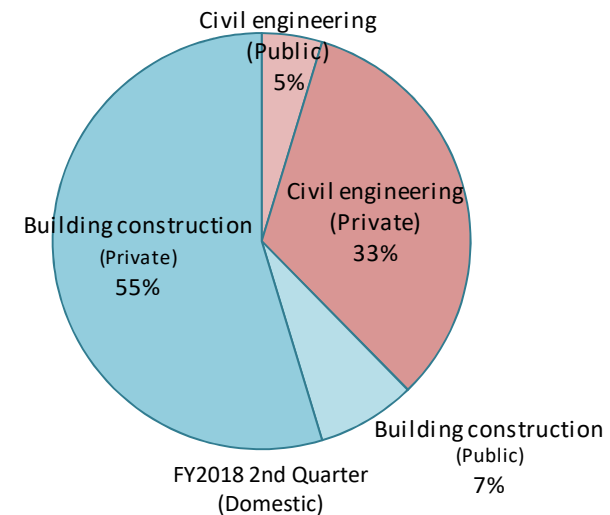
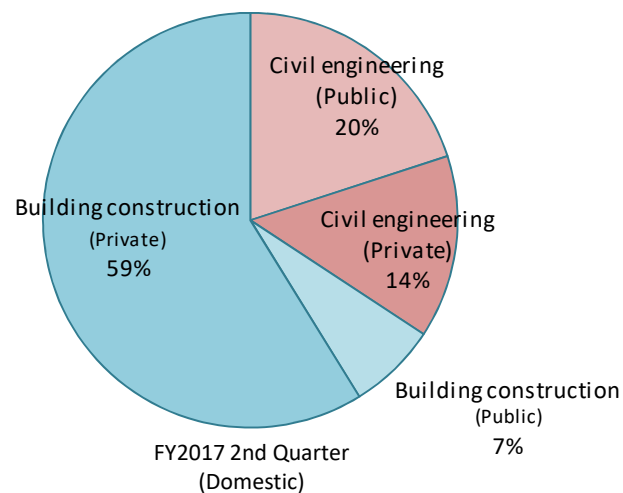
1.Orders Received-1(Non-Consolidated) Result and Forecasts

Non-consolidated

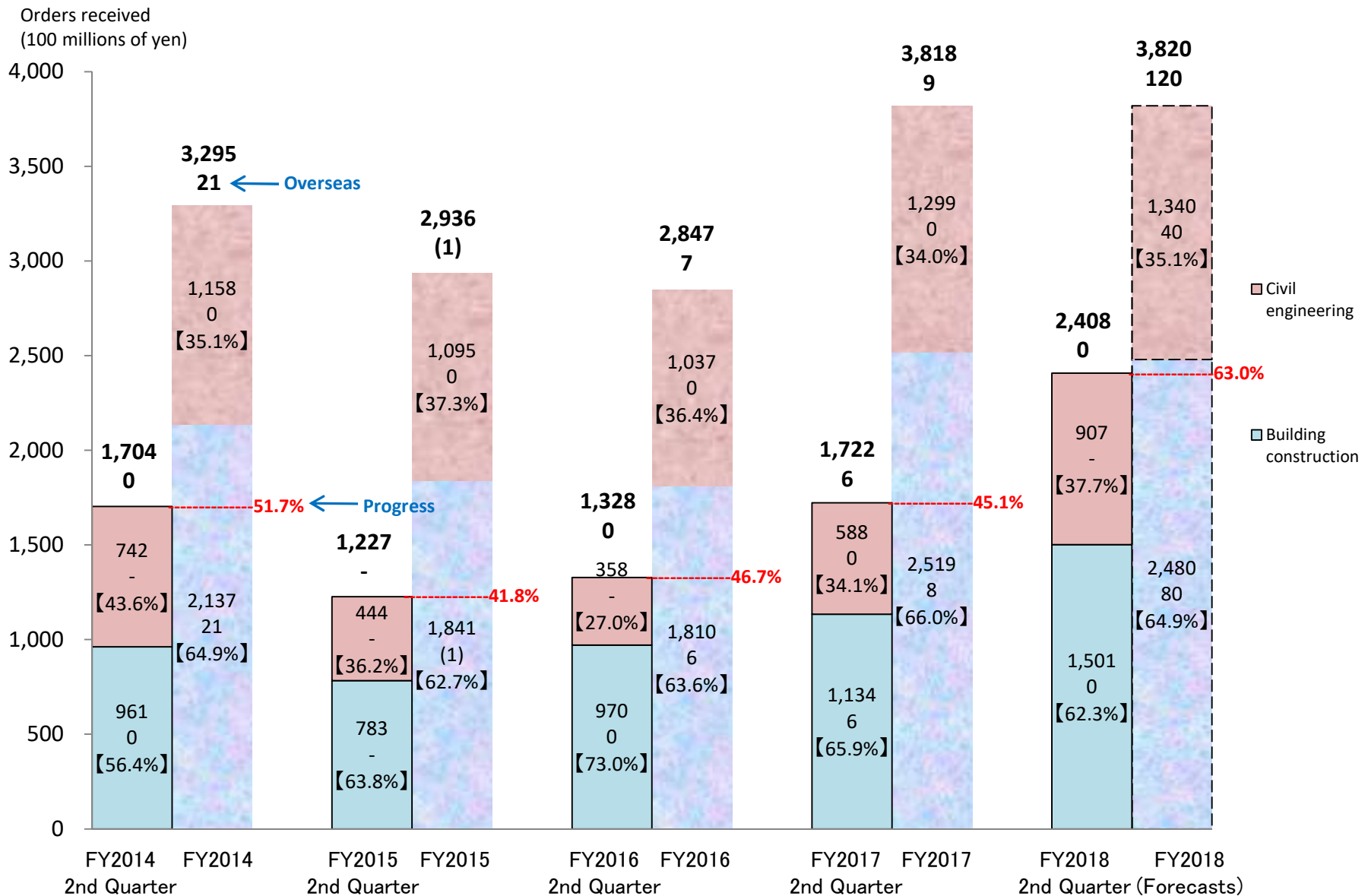
(100 millions of yen)

		A	B	B-A	
		FY2017	FY2018		
		2nd Quarter	2nd Quarter	%	
	Public	343	113	(230)	(67.2)
	Private	245	794	549	224.5
Civil engineering		588	907	319	54.3
	Public	119	184	66	55.1
	Private	1,009	1,316	307	30.4
Building construction		1,128	1,501	372	33.0
Domestic		1,716	2,408	691	40.3
Overseas		6	0	(6)	(95.7)
Orders received		1,722	2,408	686	39.8

C	D	D-C	
FY2017	FY2018		
	(Forecasts)	%	
664	450	(214)	(32.2)
635	850	215	33.9
1,299	1,300	1	0.1
235	160	(75)	(32.0)
2,275	2,240	(35)	(1.6)
2,510	2,400	(110)	(4.4)
3,809	3,700	(109)	(2.9)
9	120	111	-
3,818	3,820	2	0.1

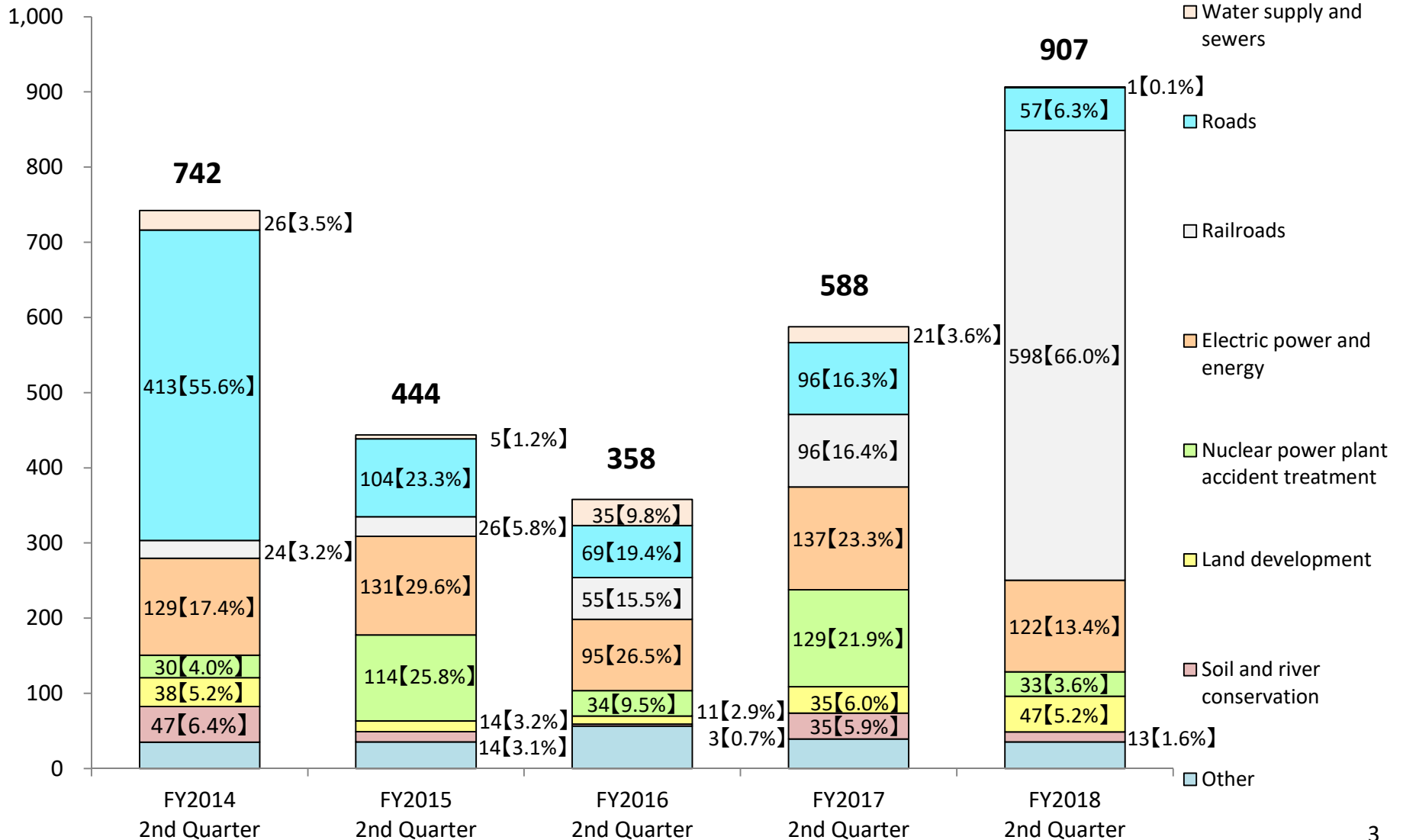


1.Orders Received-2(Non-Consolidated) Change



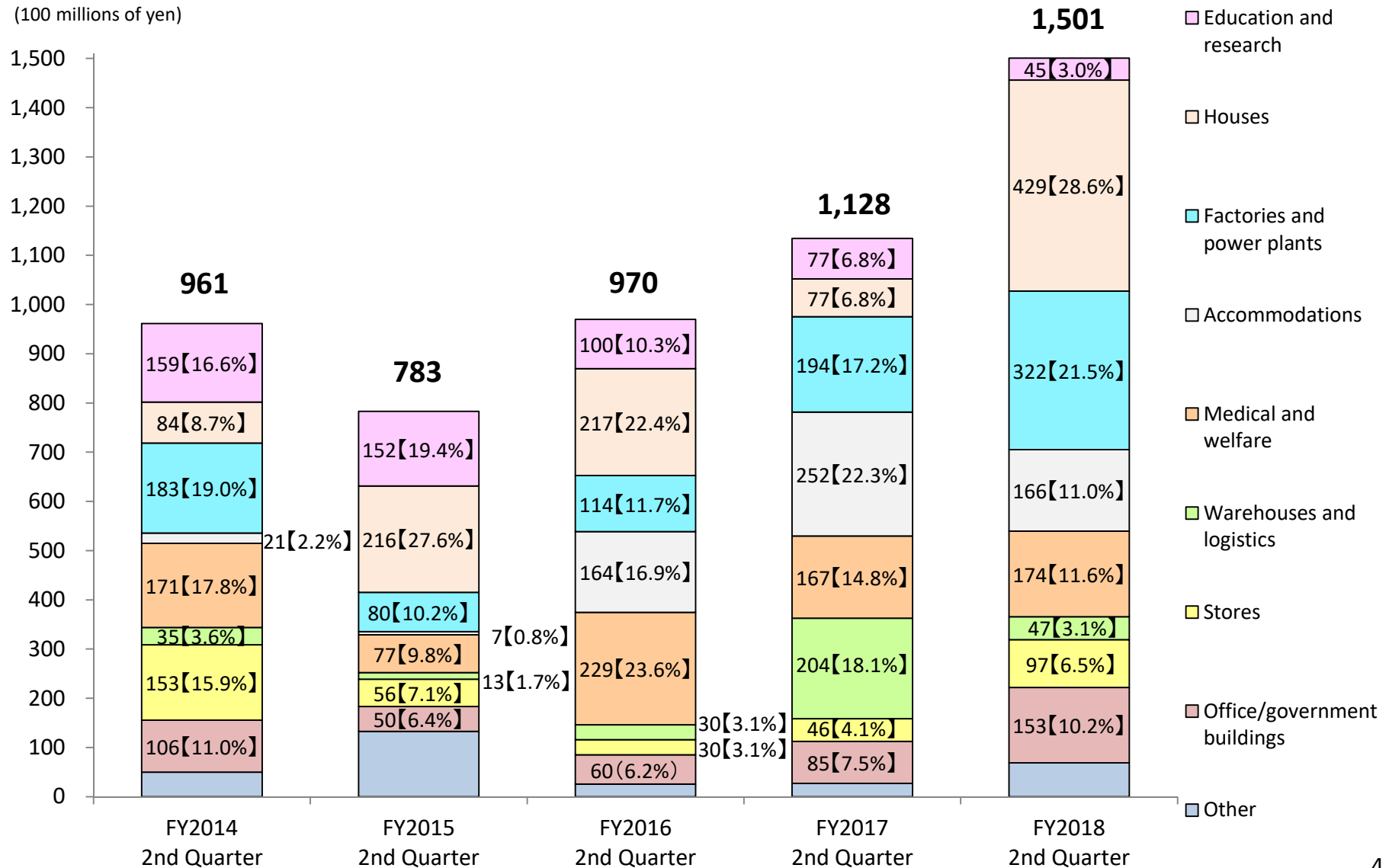
1.Orders Received-3(Non-Consolidated) Change(Domestic Civil Engineering)

Orders received
(100 millions of yen)



1.Orders Received-4(Non-Consolidated) Change(Domestic Building Construction)

Orders received
(100 millions of yen)



2.Statement of Income-1(Non-Consolidated) Result and Forecasts

Non-consolidated

(100 millions of yen)

		A FY2017 2nd Quarter		B FY2018 2nd Quarter		B-A			C FY2017		D FY2018 (Forecasts)		D-C		
			Ratio		Ratio		%	Ratio				Ratio		%	Ratio
	Civil engineering	468		489		20	4.4		1,068		1,100		32	3.0	
	Building construction	844		868		24	2.8		1,868		2,050		182	9.7	
	Domestic	1,312		1,357		44	3.4		2,936		3,150		214	7.3	
	Overseas	5		4		(1)	(13.8)		10		50		40	411.1	
Net sales		1,317		1,361		44	3.3		2,946		3,200		254	8.6	
	Civil engineering	38	8.1%	45	9.2%	7		1.1%	106	9.9%	125	11.4%	19	1.5%	
	Building construction	88	10.4%	91	10.5%	3		0.1%	199	10.6%	220	10.7%	21	0.1%	
	Domestic	126	9.6%	136	10.0%	10		0.4%	304	10.4%	345	11.0%	41	0.6%	
	Overseas	0	7.4%	0	11.3%	0		3.9%	1	12.8%	5	10.0%	4	(2.8%)	
Gross profit		126	9.6%	137	10.0%	10	8.3	0.4%	306	10.4%	350	10.9%	44	14.6	0.5%
SG&A expenses	Personnel	29		35		5			62		70		8		
	Nonpersonnel	28		35		6			64		70		6		
Operating income		68	5.2%	67	4.9%	(1)	(1.8)	(0.3%)	126		140		14		
Non-operating income		9		10		1			179	6.1%	210	6.6%	31	17.0	0.5%
Non-operating expenses		4		3		(0)			11		12		1		
Ordinary income		74	5.6%	73	5.4%	(0)	(0.5)	(0.2%)	8		5		(3)		
Extraordinary income		-		0		0			182	6.2%	217	6.8%	35	19.1	0.6%
Extraordinary losses		0		14		13			0		0		(0)		
Profit before income taxes		74		60		(14)	(18.7)		5		14		9		
Income taxes-current		11		15		3			177		203		26	14.6	
Income taxes-deferred		8		3		(5)			39		52		13		
Profit		54	4.1%	42	3.1%	(12)	(21.4)	(1.0%)	9		8		(1)		
									129	4.4%	143	4.5%	14	11.2	0.1%

2.Statement of Income-2(Consolidated) Result and Forecasts

Consolidated

(100 millions of yen)

	A FY2017 2nd Quarter			B FY2018 2nd Quarter			B-A				%
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries		
Net sales	1,680	1,317	363	1,725	1,361	364	45	44	1	2.7	
Gross profit	169	126	43	176	137	40	7	10	(4)		
(Ratio)	10.1%	9.6%	12.0%	10.2%	10.0%	10.9%	0.1%	0.4%	(1.1%)		
SG&A expenses	81	58	23	94	69	25	13	12	2		
Operating income	89	68	20	82	67	15	(7)	(1)	(5)	(7.5)	
(Ratio)	5.3%	5.2%	5.6%	4.8%	4.9%	4.1%	(0.5%)	(0.3%)	(1.5%)		
Non-operating income	3	9	(7)	3	10	(7)	0	1	(0)		
Non-operating expenses	4	4	0	3	3	0	(0)	(0)	0		
Ordinary income	88	74	14	81	73	8	(6)	(0)	(6)	(7.2)	
(Ratio)	5.2%	5.6%	3.8%	4.7%	5.4%	2.2%	(0.5%)	(0.2%)	(1.6%)		
Extraordinary income	0	-	0	0	0	0	0	0	0		
Extraordinary losses	1	0	1	14	14	0	13	13	(0)		
Profit before income taxes	87	74	13	68	60	8	(19)	(14)	(5)	(22.2)	
Income taxes-current	17	11	6	19	15	4	2	3	(2)		
Income taxes-deferred	10	8	1	4	3	1	(5)	(5)	(0)		
Profit attributable to owners of parent	60	54	6	45	42	3	(15)	(12)	(4)	(25.5)	
(Ratio)	3.6%	4.1%	1.8%	2.6%	3.1%	0.7%	(1.0%)	(1.0%)	(1.1%)		

	C FY2017			D FY2018 (Forecasts)			D-C				%
	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries	Consolidated	Non-Consolidated	Subsidiaries		
Net sales	3,740	2,946	794	4,000	3,200	800	260	254	6	6.9	
Gross profit	402	306	97	430	350	80	28	44	(17)		
(Ratio)	10.8%	10.4%	12.2%	10.8%	10.9%	10.0%	0.0%	0.5%	(2.2%)		
SG&A expenses	172	126	46	180	140	40	8	14	(6)		
Operating income	230	179	51	250	210	40	20	31	(11)	8.5	
(Ratio)	6.2%	6.1%	6.4%	6.3%	6.6%	5.0%	0.1%	0.5%	(1.4%)		
Non-operating income	5	11	(6)	5	12	(7)	(0)	1	(1)		
Non-operating expenses	9	8	1	5	5	0	(4)	(3)	(1)		
Ordinary income	227	182	45	250	217	33	23	35	(12)	10.2	
(Ratio)	6.1%	6.2%	5.6%	6.3%	6.8%	4.1%	0.2%	0.6%	(1.5%)		
Extraordinary income	1	0	0	0	0	0	(1)	(0)	(0)		
Extraordinary losses	7	5	1	14	14	0	7	9	(1)		
Profit before income taxes	221	177	44	236	203	33	15	26	(11)	6.8	
Income taxes-current	54	39	15	63	52	11	9	13	(4)		
Income taxes-deferred	9	9	0	8	8	0	(1)	(1)	(0)		
Profit attributable to owners of parent	158	129	29	165	143	22	7	14	(7)	4.5	
(Ratio)	4.2%	4.4%	3.7%	4.1%	4.5%	2.8%	(0.1%)	0.1%	(0.9%)		

【Subsidiaries】

GAEART Co.,Ltd.
K&E Co.,Ltd.
TECHNOS Co.,Ltd.
FATEC Co.,Ltd.

TECHNO SPACE CREATES Co.,Ltd.
TECHNICAL SUPPORT Co.,Ltd.
TAIWAN KUMAGAI Co.,Ltd.

【Equity method】

SASAJIMA CONSTRUCTION Co.,Ltd.
KYOEI MACHINERY ENGINEERING Co.,Ltd.
MAEDA Co.,Ltd.

2.Statement of Income-3(Consolidated)

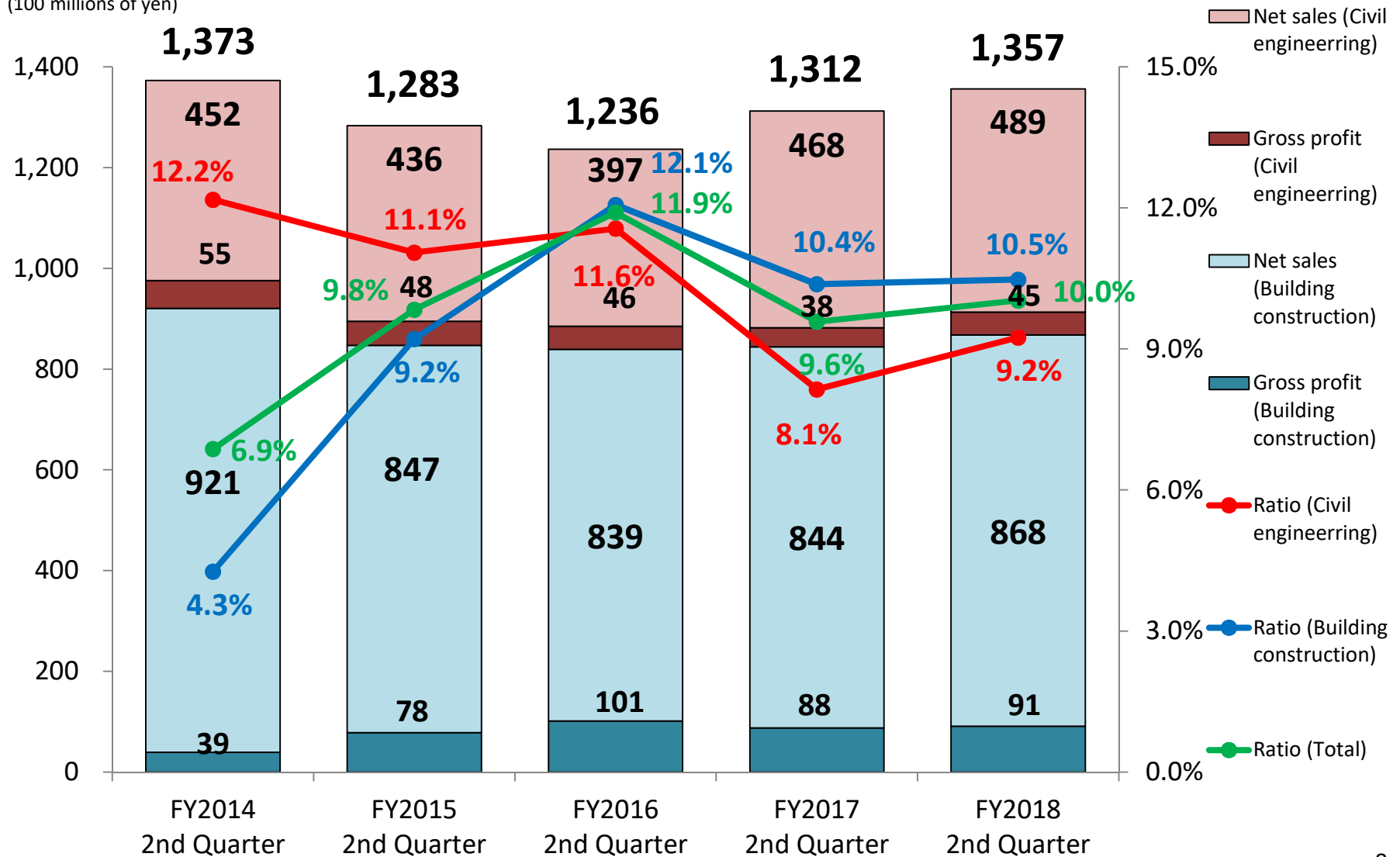
Non-Operating Income and Extraordinary Income

Non-operating income(Consolidated)		(100 millions of yen)								
		A FY2017 2nd Quarter			B FY2018 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Interest and dividends income	0.8	7.8	(6.9)	2.0	8.9	(6.9)	1.1	1.1	0.0
	Other	1.7	1.4	0.3	0.7	0.8	(0.1)	(1.0)	(0.6)	(0.4)
Non-operating income		2.6	9.2	(6.6)	2.7	9.7	(7.0)	0.1	0.5	(0.4)
	Interest expenses	1.3	1.3	0.0	1.2	1.1	0.1	(0.1)	(0.1)	0.0
	Commission for syndicate loan	2.2	2.2	-	1.7	1.7	-	(0.5)	(0.5)	-
	Amortization of share issuance cost	-	-	-	0.2	0.2	-	0.2	0.2	-
	Other	0.2	0.2	0.0	0.4	0.3	0.1	0.1	0.1	0.1
Non-operating expenses		3.7	3.7	0.0	3.5	3.4	0.1	(0.2)	(0.3)	0.1

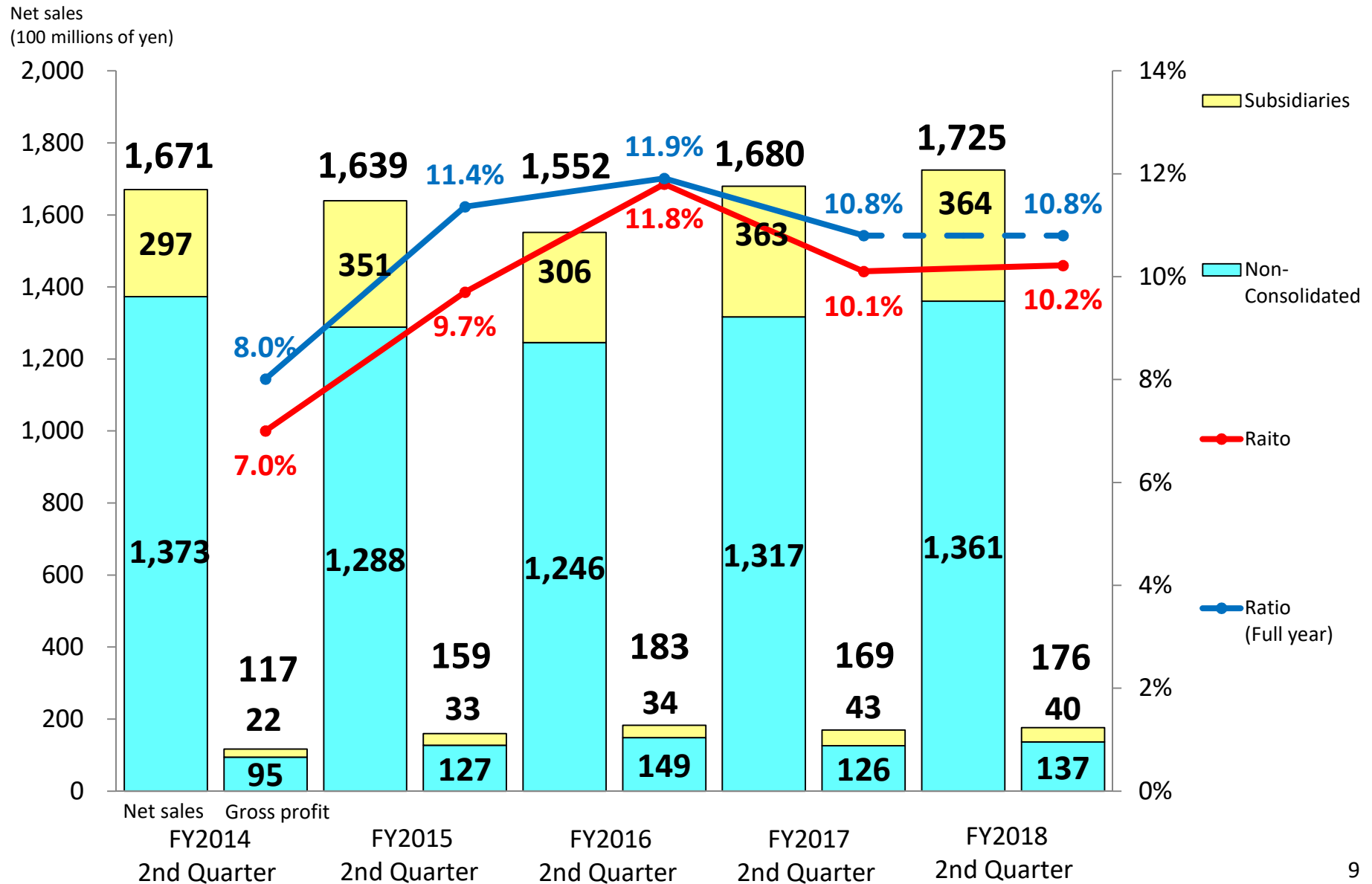
Extraordinary income(Consolidated)		(100 millions of yen)								
		A FY2017 2nd Quarter			B FY2018 2nd Quarter			B-A		
		Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries	Consolidated	Non- Consolidated	Subsidiaries
	Gain on sales of non-current assets	0.1	-	0.1	0.1	-	0.1	0.0	-	0.0
	Gain on sales of memberships	-	-	-	0.0	0.0	-	0.0	0.0	-
Extraordinary income		0.1	-	0.1	0.1	0.0	0.1	0.0	0.0	0.0
	Loss on retirement of non-current assets	0.5	0.0	0.5	0.1	0.0	0.1	(0.4)	0.0	(0.4)
	Compensation for damage	0.2	0.2	-	-	-	-	(0.2)	(0.2)	-
	Provision for contingent loss	-	-	-	13.5	13.5	-	13.5	13.5	-
	Other	0.0	0.0	0.0	0.1	0.1	(0.0)	0.1	0.1	(0.0)
Extraordinary losses		0.7	0.2	0.5	13.7	13.6	0.1	13.0	13.4	(0.4)

3.Net Sales and Gross Profit(Non-Consolidated) Change(Domestic)

Net sales
(100 millions of yen)

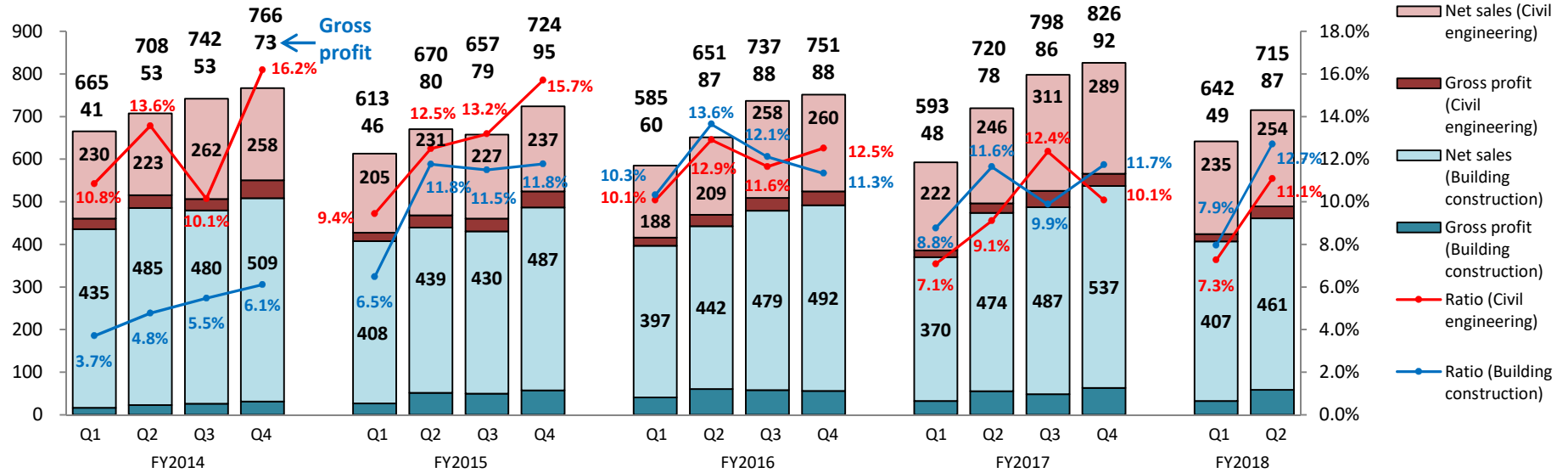


4. Net Sales and Gross Profit(Consolidated) Change

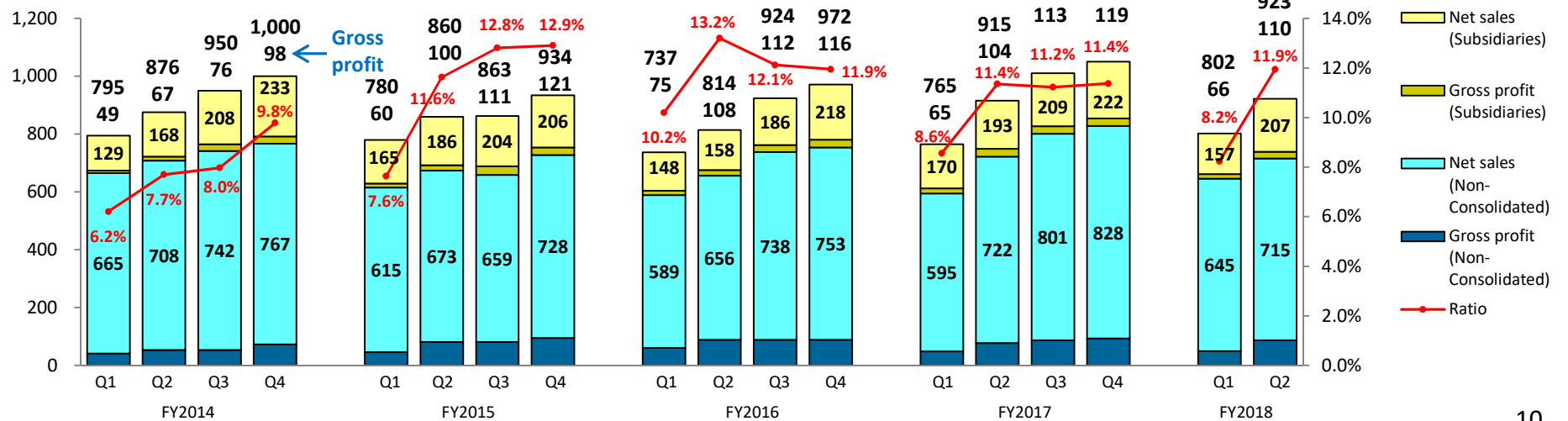


5.Net Sales and Gross Profit(Non-Consolidated and Consolidated) Quarterly Change

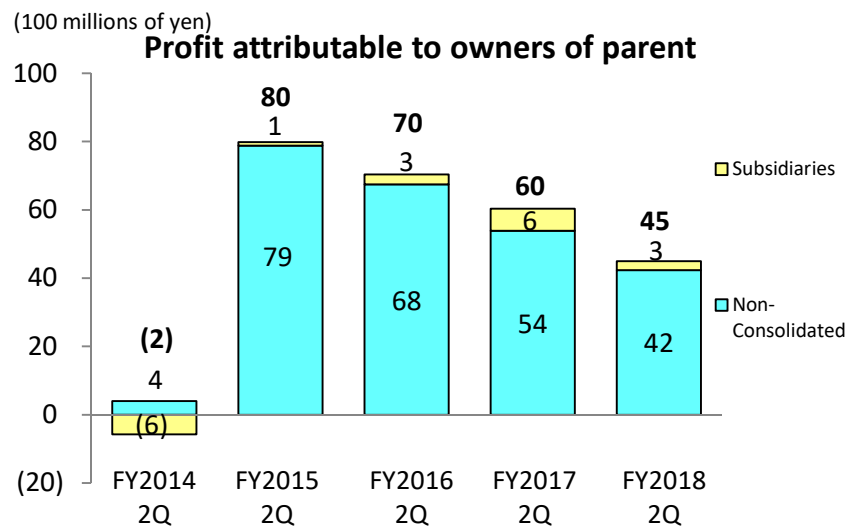
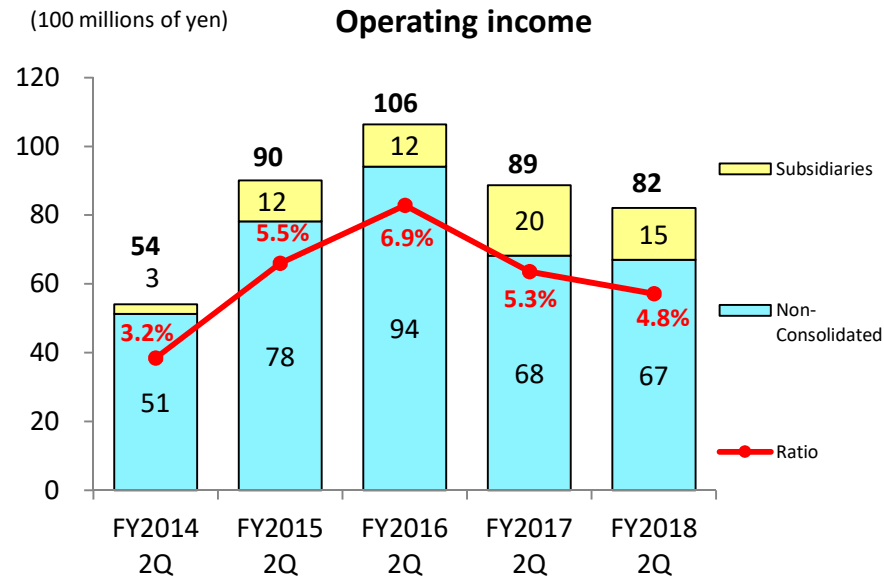
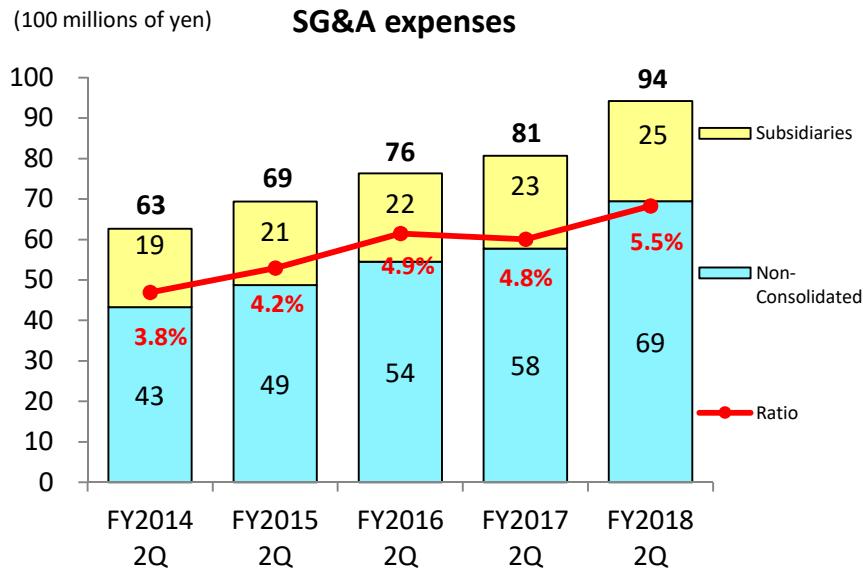
Net sales (100 millions of yen)



Net sales (100 millions of yen)



6.SG&A Expenses, Operating Income and Profit Attributable to Owners of Parent(Consolidated) Change



7. Balance Sheet-1(Consolidated)

Assets

Assets(Consolidated) (100 millions of yen)

	A			B			B-A		
	FY2017			FY2018					
	Consolidated	2nd Quarter		Consolidated	2nd Quarter		Consolidated	2nd Quarter	
Non-Consolidated		Subsidiaries	Non-Consolidated		Subsidiaries	Non-Consolidated		Subsidiaries	
Cash and deposits	1,085	914	172	1,081	874	207	(4)	(39)	35
Notes receivable,accounts receivable from completed construction contracts and other	1,393	1,128	265	1,258	1,056	202	(135)	(72)	(62)
Costs on uncompleted construction contracts	69	60	9	77	64	12	8	4	3
Accounts receivable	122	140	(18)	111	120	(8)	(10)	(20)	10
Suspense payments	59	58	0	59	59	1	1	1	0
Other	15	9	6	16	10	6	2	2	0
Allowance for doubtful accounts	(2)	(1)	(0)	(1)	(1)	(0)	0	0	0
Total current assets	2,741	2,307	433	2,602	2,182	420	(139)	(125)	(14)
Buildings and structures	59	24	35	58	23	35	(1)	(1)	0
Land	105	77	28	108	79	29	3	2	0
Other	31	11	20	36	15	21	6	4	1
Total property,plant and equipment	195	111	84	202	117	85	7	5	2
Intangible assets	4	3	2	4	3	2	(0)	0	(0)
Investment securities and stocks of subsidiaries and affiliates	244	265	(21)	266	287	(21)	22	22	0
Deferred tax assets	114	93	22	103	83	20	(11)	(10)	(1)
Other	40	22	18	37	20	17	(3)	(2)	(1)
Allowance for doubtful accounts	(3)	(1)	(2)	(3)	(1)	(2)	0	0	0
Total investments and other assets	395	378	17	403	389	14	8	11	(3)
Total non-current assets	595	492	102	610	509	101	15	16	(1)
Share issuance cost	1	1	-	1	1	-	(0)	(0)	-
Total deferred assets	1	1	-	1	1	-	(0)	(0)	-
Total assets	3,337	2,801	536	3,213	2,692	521	(124)	(109)	(15)

7. Balance Sheet-2(Consolidated) Liabilities and Net Assets

Liabilities and net assets(Consolidated)

(100 millions of yen)

	A FY2017			B FY2018 2nd Quarter			B-A		
	Consolidated	Non-		Consolidated	Non-		Consolidated	Non-	
		Consolidated	Subsidiaries		Consolidated	Subsidiaries		Consolidated	Subsidiaries
Notes payable, accounts payable for construction contracts and other	760	582	179	638	483	156	(122)	(99)	(23)
Electronically recorded obligations – operating	293	293	–	289	289	–	(4)	(4)	–
Short-term loans payable	41	39	2	36	34	2	(4)	(4)	(0)
Advances received on uncompleted construction contracts	215	201	15	202	183	19	(14)	(17)	4
Deposits received	207	191	16	244	220	24	37	28	8
Provision for warranties for completed construction	4	3	1	5	4	1	0	0	(0)
Provision for loss on construction contracts	4	3	1	4	3	1	(0)	(0)	(0)
Provision for contingent loss	113	113	0	118	118	0	5	5	–
Provision for bonuses	39	25	14	36	23	13	(3)	(2)	(1)
Other	101	87	14	80	69	11	(20)	(17)	(3)
Total current liabilities	1,778	1,536	242	1,652	1,426	227	(126)	(111)	(15)
Long-term loans payable	104	103	1	100	99	0	(4)	(4)	(0)
Net defined benefit liability	167	134	33	167	135	32	0	1	(1)
Other	24	23	1	15	14	1	(9)	(9)	(0)
Total non-current liabilities	294	260	34	282	248	34	(13)	(12)	(1)
Total liabilities	2,073	1,797	276	1,934	1,673	260	(139)	(123)	(16)
Total shareholders' equity	1,236	978	258	1,237	976	261	1	(2)	3
Total accumulated other comprehensive income	28	26	1	42	42	0	14	16	(1)
Total net assets	1,264	1,004	259	1,279	1,018	261	15	14	1
Total liabilities and net assets	3,337	2,801	536	3,213	2,692	521	(124)	(109)	(15)
(Capital adequacy ratio)	37.9%	35.9%	48.4%	39.8%	37.8%	50.0%	+1.9%	+1.9%	+1.6%

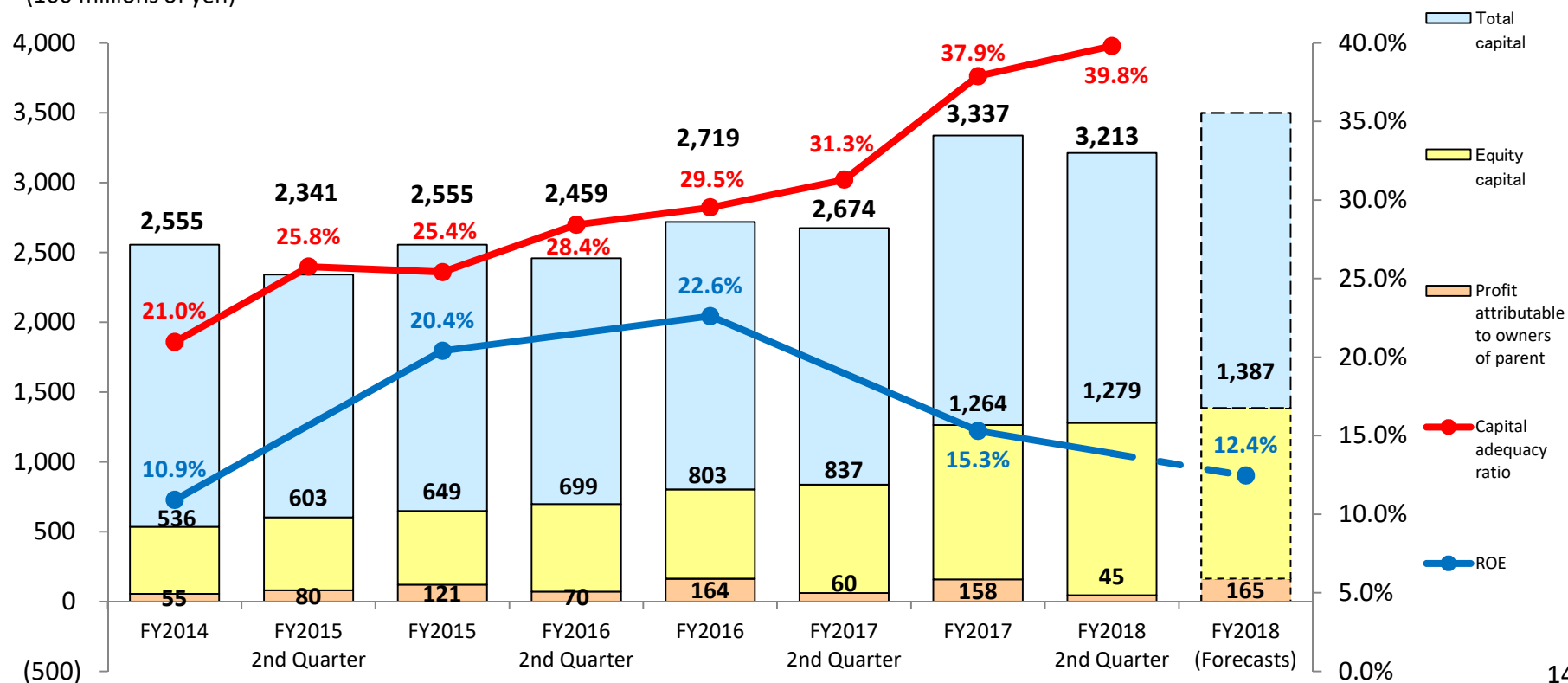
8. Equity Capital(Consolidated) Change

Equity capital(Consolidated)

(100 millions of yen)

	FY2014	FY2015 2Q	FY2015	FY2016 2Q	FY2016	FY2017 2Q	FY2017	FY2018 2Q	FY2018 (Forecasts)
Equity capital	536	603	649	699	803	837	1,264	1,279	1,387
Total capital	2,555	2,341	2,555	2,459	2,719	2,674	3,337	3,213	—
Capital adequacy ratio	21.0%	25.8%	25.4%	28.4%	29.5%	31.3%	37.9%	39.8%	—
Profit attributable to owners of parent	55	80	121	70	164	60	158	45	165
ROE	10.9%	—	20.4%	—	22.6%	—	15.3%	—	12.4%

(100 millions of yen)



9.Dividend(Consolidated) Change

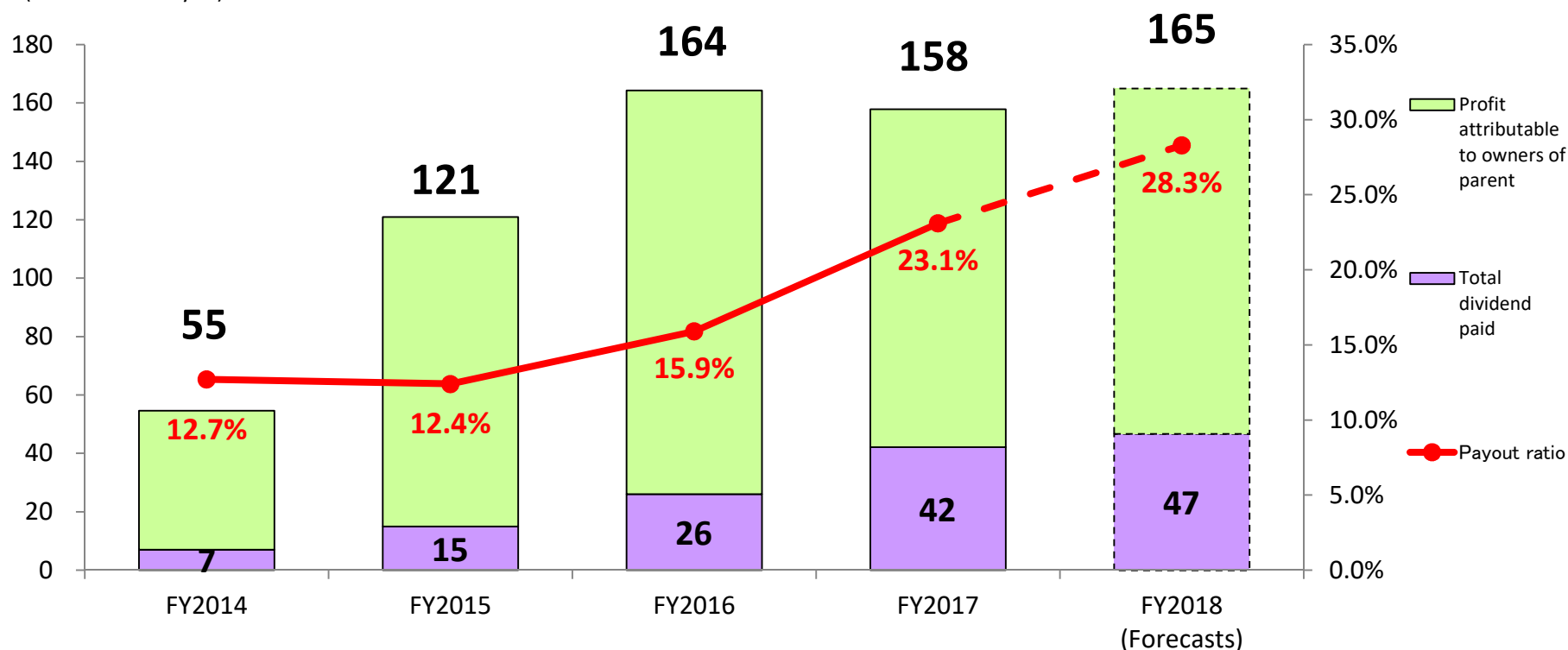
Dividend

(100 millions of yen)

	FY2014	FY2015	FY2016	FY2017	FY2018 (Forecasts)
Number of shares issued	377,544,607 shares	377,544,607 shares	377,544,607 shares	46,805,660 shares	46,805,660 shares
Number of treasury stocks	2,727,273 shares	2,794,454 shares	3,097,013 shares	22,471 shares	89,269 shares
Dividend per share	2.00 yen	4.00 yen	7.00 yen	90.00 yen	100.00 yen
Total dividend paid	7	15	26	42	47
Profit attributable to owners of parent	55	121	164	158	165
Basic earnings per share	15.72 yen	32.36 yen	43.99 yen	389.63 yen	353.82 yen
Payout ratio	12.7%	12.4%	15.9%	23.1%	28.3%

※ The company conducted a one-for-ten reverse stock split of common stock on October 1, 2017.

(100 millions of yen)



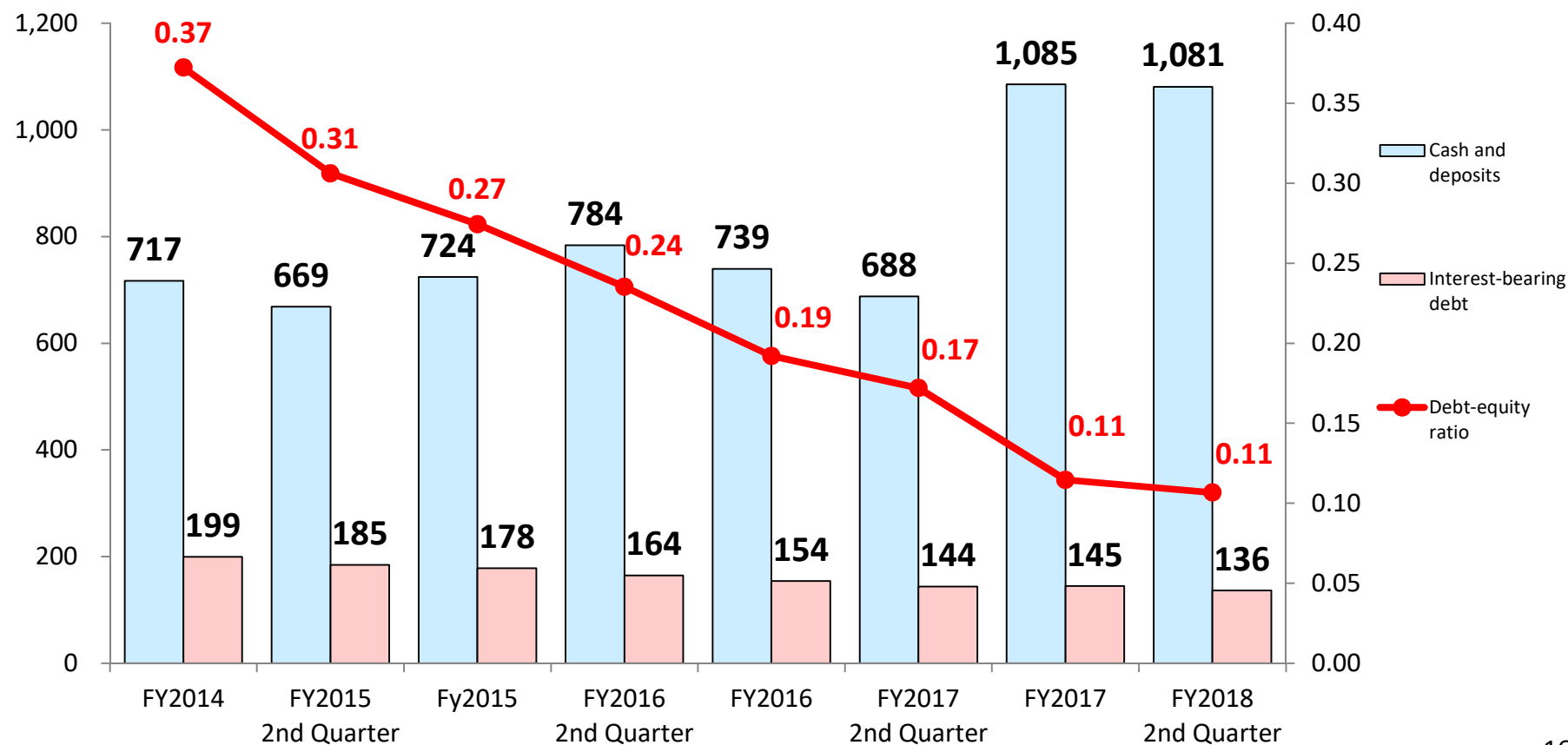
10. Interest-Bearing Debt (Consolidated) Change

Interest-bearing debt

(100 millions of yen)

	FY2014	FY2015 2Q	FY2015	FY2016 2Q	FY2016	FY2017 2Q	FY2017	FY2018 2Q
Interest-bearing debt	199	185	178	164	154	144	145	136
Debt-equity ratio	0.37	0.31	0.27	0.24	0.19	0.17	0.11	0.11

(100 millions of yen)



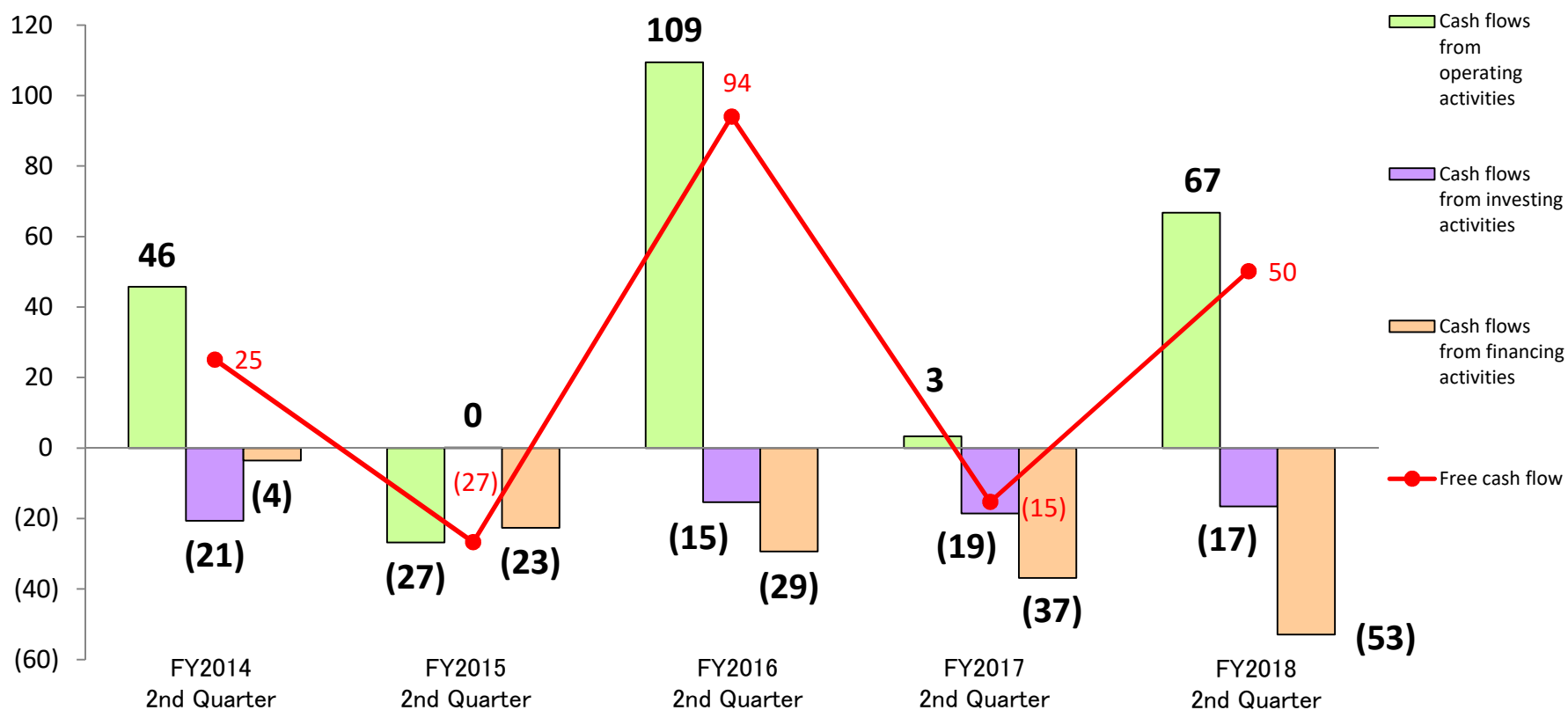
11.Cash Flows(Consolidated) Change

Cash Flows

(100 millions of yen)

	FY2014 2Q	FY2015 2Q	FY2016 2Q	FY2017 2Q	FY2018 2Q
Cash flows from operating activities	46	(27)	109	3	67
Cash flows from investing activities	(21)	0	(15)	(19)	(17)
Cash flows from financing activities	(4)	(23)	(29)	(37)	(53)

(100 millions of yen)



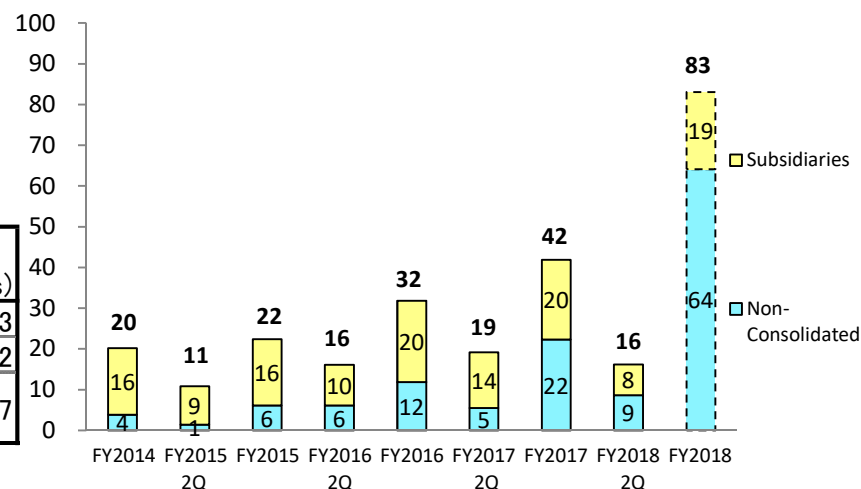
12.Capital Investment, Depreciation and Research and Development Expense(Consolidated) Change

Capital investment and other (100 millions of yen)

	FY2014	FY2015 2Q	FY2015 2Q	FY2016 2Q
Capital investment	20	11	22	16
Depreciation	10	6	13	6
Research and development expense	13	7	15	9

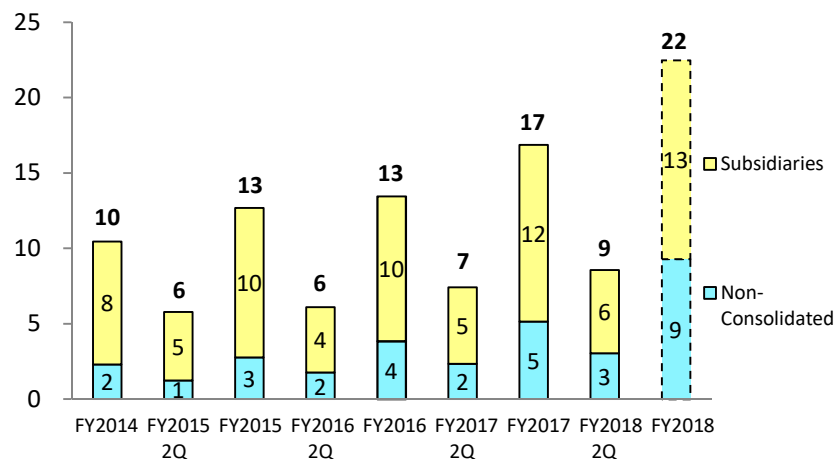
	FY2016	FY2017 2Q	FY2017 2Q	FY2018 2Q	FY2018 (Forecasts)
Capital investment	32	19	42	16	83
Depreciation	13	7	17	9	22
Research and development expense	18	9	20	11	27

(100 millions of yen) **Capital investment**



(100 millions of yen)

Depreciation



(100 millions of yen)

Research and development expense

