

Financial Results Briefing for Fiscal Year Ended March 31, 2019

With Our Proud History,
Creating a Desirable Future



May 17, 2019 (Friday)
Asanuma Corporation
Securities Code :1852

This material contains forward-looking statements regarding the Company's business performance and future prospects.

These statements are based on currently available information and assumptions regarding uncertain factors that may affect the future. Actual results may differ materially from these statements due to various factors.

With Our Proud History,
Creating a Desirable Future

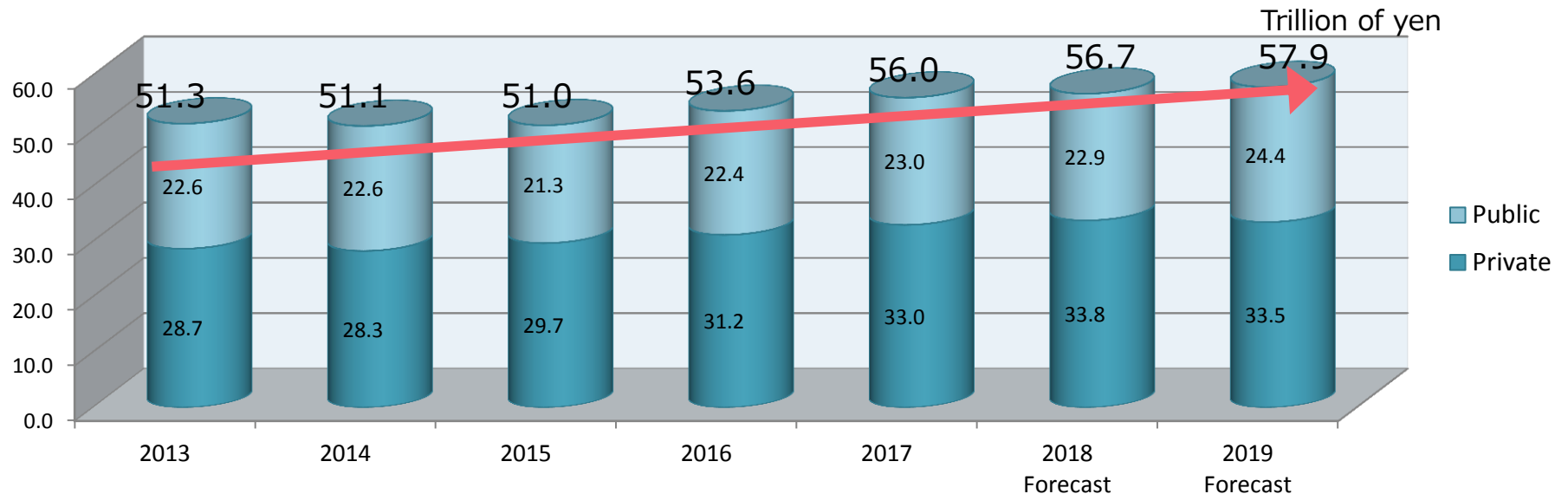


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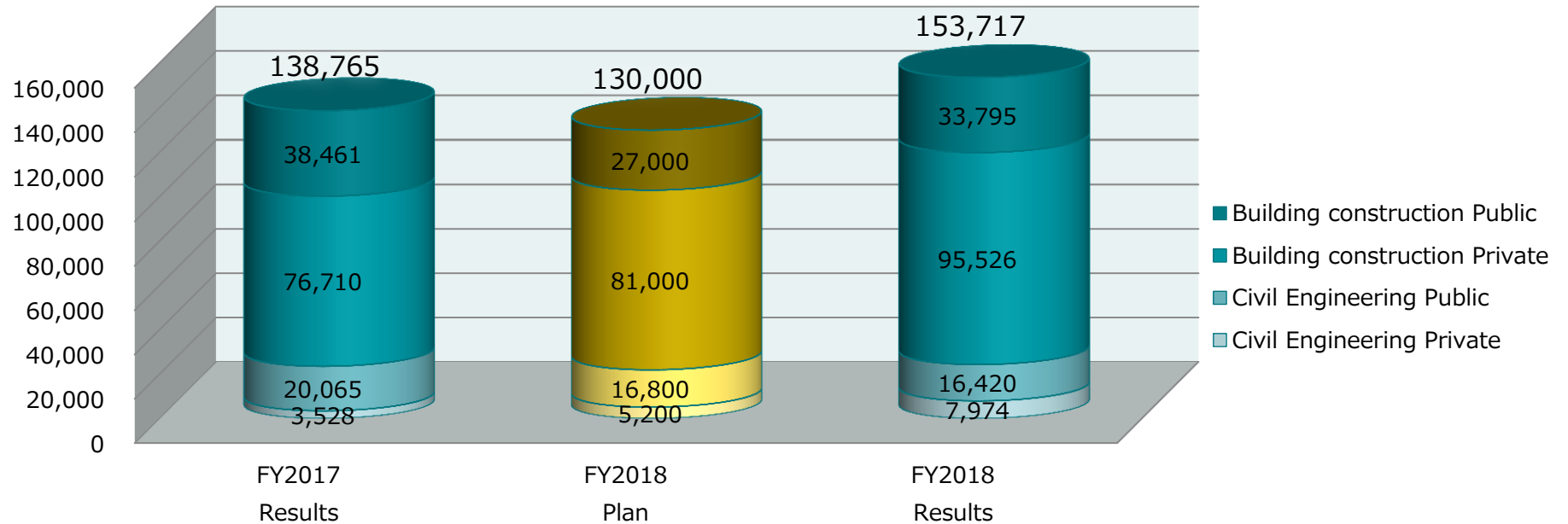
Construction industry

In fiscal 2018, capital expenditures increased moderately and construction investments remained firm. In fiscal 2019, the economy is expected to remain firm, but attention should be paid to downward pressure factors such as the postponement or restraint of capital investment by Japanese companies due to the slowdown in the Chinese economy caused by trade conflicts.

Construction Investment



Orders FY2017 - FY2018



(Millions of yen)

		FY2017 Results	FY2018 Plan	FY2018 Results	YOY	Plan ratio
Building construction	Public	38,461	27,000	33,795	△4,665	6,795
	Private	76,710	81,000	95,526	18,815	14,526
Civil Engineering	Public	20,065	16,800	16,420	△3,644	△380
	Private	3,528	5,200	7,974	4,445	2,774
Total		138,765	130,000	153,717	14,951	23,717

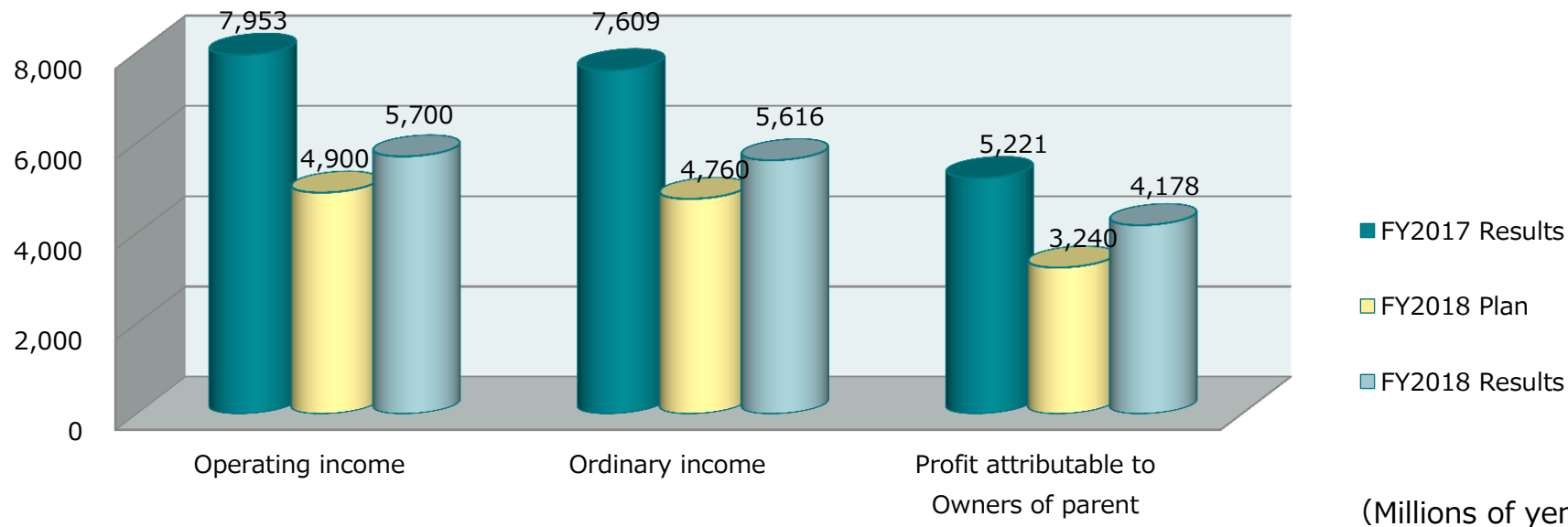
FY2018 Major Orders



() JV total (Hundred millions of yen)

	Type of project	Client	Contract price
Building construction	Police Station	Tokyo Metropolitan Government	47.0 (72.3)
	Distribution Warehouse	TOSOH LOGISTICS CORPORATION	41.5
	Distribution Warehouse	Shimohana Logistics Co., Ltd	45.8
	Office	Izumi City	40.9 (58.4)
	Factory	SUGAWA SHATAI CO., LTD.	36.7
	Renovation	Suita City	24.4 (34.9)
	Shop	P F I Wako City Hirosawa CORPORATION	24.0
	Housing	Urban Renaissance Agency	20.5
Civil engineering	Water intake facilities	Osaka City Waterworks Bureau	19.4 (32.4)
	Decontamination	Fukushima Regional Environment Office	13.3 (66.7)

Consolidated Statements of Income



	FY2017 Results	FY2018 Plan	FY2018 Results	YOY	Plan ratio
Net sales	143,434	129,500	135,713	△7,721	6,213
Operating income (Rate)	7,953 5.5%	4,900 3.8%	5,700 4.2%	△2,252 △1.3P	800 0.4P
Ordinary income (Rate)	7,609 5.3%	4,760 3.7%	5,616 4.1%	△1,992 △1.2P	856 0.4P
Profit attributable to Owners of parent (Rate)	5,221 3.6%	3,240 2.5%	4,178 3.1%	△1,042 △0.5P	938 0.6P

FY2018 Major Net Sales

() JV total (Hundred millions of yen)

	Type of project	Client	Net Sales
Building construction	Amusement	Ganges SPC	35.3
	Distribution Warehouse	Shimohana Logistics Co., Ltd	26.8
	School	Urban Renaissance Agency	18.1
	Housing (1)	TOKYU LAND CORPORATION Mitsubishi Estate Residence Co., Ltd.	18.6
	Hospital	Medical Corporation Seiwakinshukai	18.1 (95.2)
	School (2)	Sennan City	16.2 (23.2)
Civil engineering	Road	West Nippon Expressway Company Limited	18.0
	Sewer	Hirakata City Waterworks Bureau	12.9



(1)



(2)

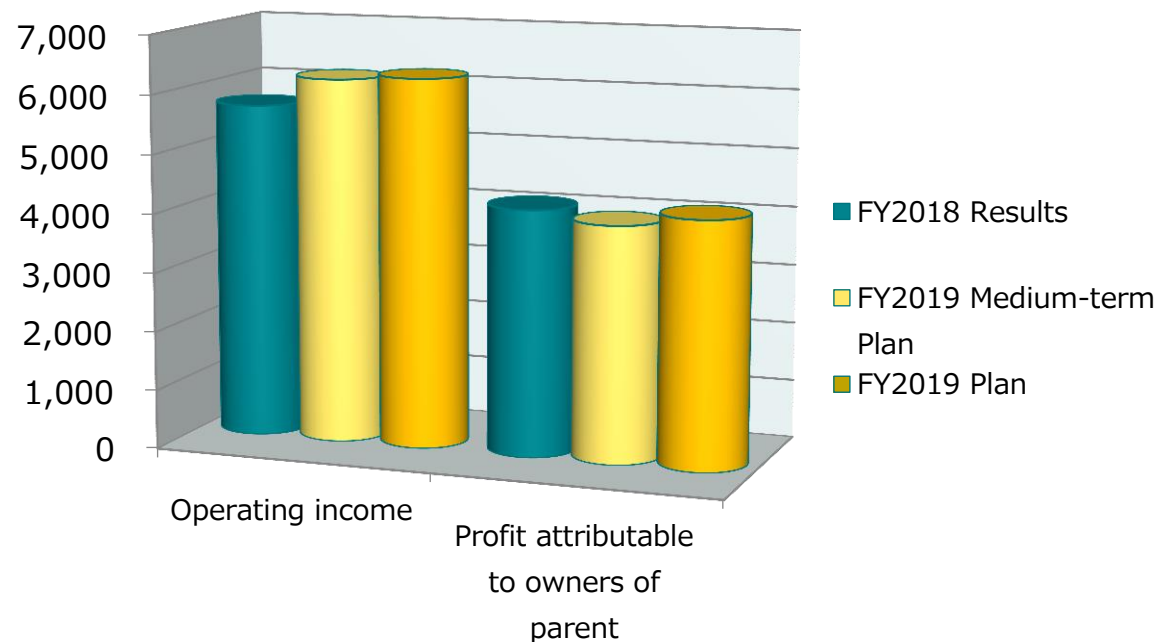
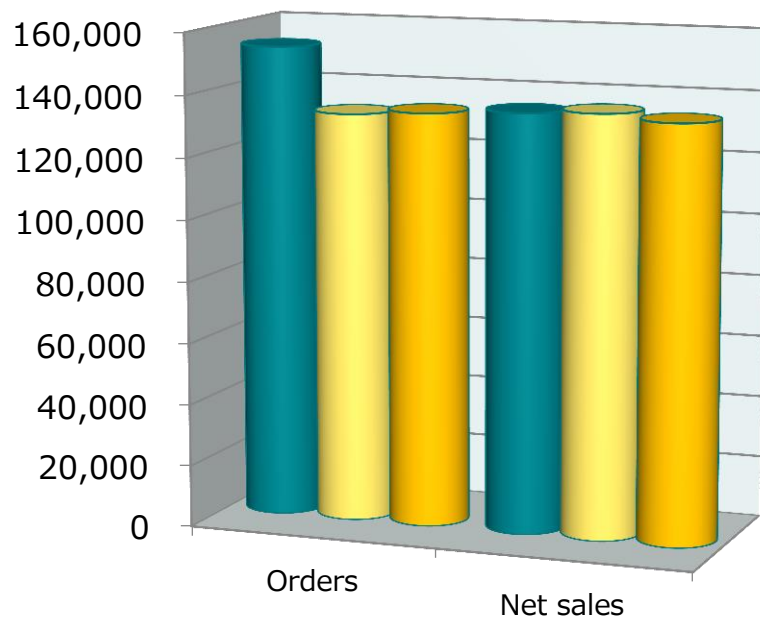
Consolidated Balance Sheets



(Millions of yen)

Assets		FY2017	FY2018	YOY
Current assets		87,250	84,924	△2,325
Fixed assets		16,118	17,075	956
	Tangible fixed assets	4,788	5,333	545
	Intangible fixed assets	471	886	415
	Investments and other assets	10,858	10,855	△3
Total		103,369	102,000	△1,368
Liabilities		FY2017	FY2018	YOY
Current liabilities		55,670	51,147	△4,523
Long-term liabilities		12,474	13,386	911
Total		68,145	64,533	△3,611
Net assets		FY2017	FY2018	YOY
Total		35,223	37,466	2,242

FY2019 Earnings forecast ①



(Millions of yen)

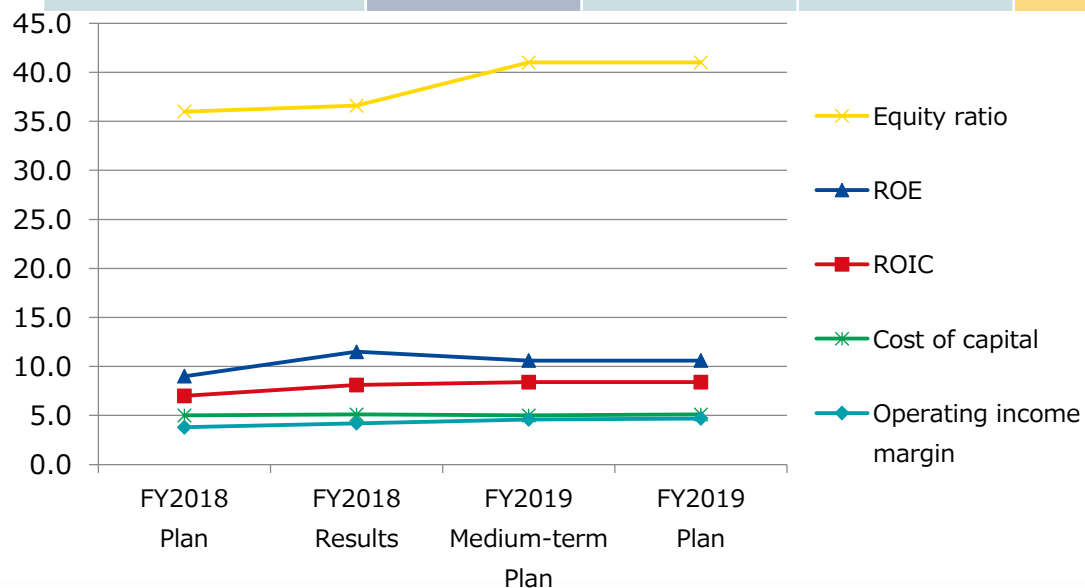
	FY2018 Results	FY2019 Medium-term Plan	FY2019 Plan	YOY	Medium-term plan ratio
Orders	153,717	133,000	134,300	△19,417	1,300
Net sales	135,713	136,600	134,700	△1,013	△1,900
Operating income	5,700	6,200	6,270	569	70
Profit attributable to owners of parent	4,178	4,000	4,180	1	180

FY2019 Earnings forecast ②



(Millions of yen)

	FY2018 Plan	FY2018 Results	Plan ratio	FY2019 Medium-term Plan	FY2019 Plan	YOY	Medium-term plan ratio
Operating income margin	3.8%	4.2%	0.4P	4.6%	4.7%	0.5P	0.1P
Return on Invested Capital (ROIC)	7.0%	8.1%	1.1P	8.4%	8.4%	0.3P	—
Return on equity (ROE)	9.0%	11.5%	2.5P	10.6%	10.6%	△0.9P	—
Equity ratio	36.0%	36.6%	0.6P	41.0%	41.0%	4.4P	—
Cost of capital (WACC)	5.0%	5.1%	0.1P	5.0%	5.1%	—	0.1P



(Millions of yen)

	FY2018
Interest expense	189
Interest-Bearing Debt	11,694
Cost of debt	1.62%
10-year JGB yield	▲ 0.082%
β value	1.058
Market Expected Yield	7.00%
Cost of Equity	7.41%
Market capitalization*	19,833
Tax-rate	30.4%
Cost of capital (WACC: Weighted average cost of capital)	5.1%

* Excluding treasury stock as of Mar. 31, 2019

Three-year Medium-term Plan Progress ①

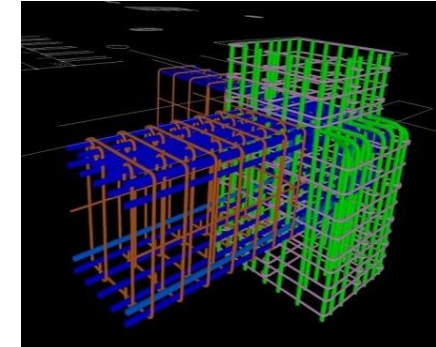
Make the construction business even more profitable and competitive

Raise productivity by using information and communications technology

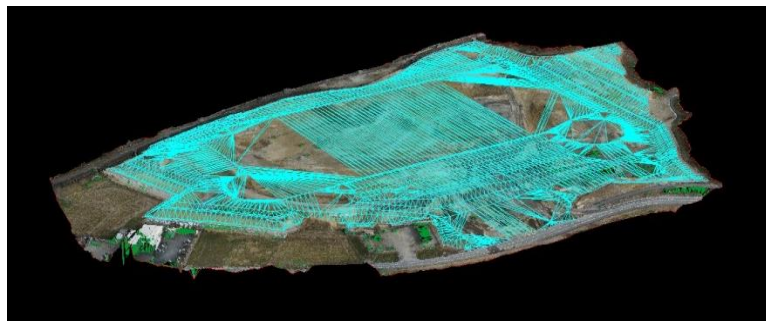
- Started BIM and CIM trials and actively utilized in design and construction projects



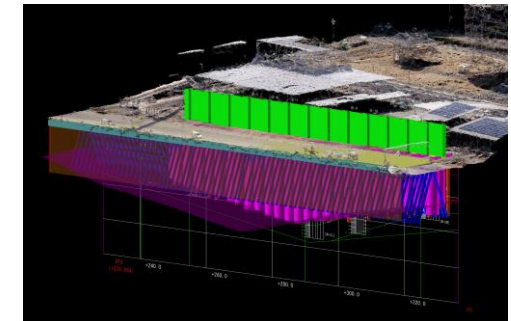
BIM Condominium Entrance



BIM Bar arrangement diagram



CIM Survey results



CIM Visualization of the length of steel pipe piles

Enhance renovation

- Renewal branding plan
 - Toward a building that is friendly to people who can feel changes in nature on a daily basis
 - Incorporation of solar, thermal, wind, and materials



Promote sales by constructing a model project

Three-year Medium-term Plan Progress ②

Add new technologies and start new businesses

Activities for developing new technologies and construction processes

- Practical application of dynamic analysis systems (Ai-MAP SYSTEM)
The project was adopted by the Ministry of Land, Infrastructure, Transport and Tourism for the introduction and utilization of innovative technologies to improve the productivity of construction sites, and the promotion of their use at worksites.



Helmet logger (Ai-LOGGER)



Infrastructure Communication system (Ai-TEC)

- Practical application of special laminated fiber sheets
Jointly developed Hanshin Expressway Company Limited and KFC Co., Ltd.
JICA (Japan International Cooperation Agency) was selected as a proposal for a project to support SDGs businesses, and aims to win orders for infrastructure repair and reinforcement projects for highways and other infrastructure in the Kingdom of Thailand.

- Promoting the introduction of mobile Batcher plants

Jointly developed by Hanshin High-Speed Technology Co., Ltd., Yoko Bussan Co., Ltd., and Koyo Machinery Industry Co., Ltd.

Promote the use and commercialization of small-scale maintenance and repair work for road structures requiring small-volume concrete.



Three-year Medium-term Plan

Progress ③



Build an infrastructure capable of sustained growth

<p>Recruit and train people with outstanding skills and create an environment where they can realize their full potential</p>	<ul style="list-style-type: none"> ○Introduction of job pay <ul style="list-style-type: none"> •Introduced new personnel salary system (since April 2018) ○Introduction of volunteer leave (since April 2019) ○Introduction of Flexible Time (for renovation staff since April 2019) ○Initiatives for Two Weekly Holidays <ul style="list-style-type: none"> •By March 2020, 4 holidays - 6 weeks in Public construction and 4 holidays - 5 weeks in Private construction achieve
<p>Create an even stronger corporate governance framework</p>	<ul style="list-style-type: none"> ○Increase the number of outside directors <ul style="list-style-type: none"> •Expected to increase the number of female outside directors (to be appointed as members of the Nomination and Compensation Committees) (After the General Meeting of Shareholders held in June 2019 As for the ratio of outside directors to the total number of directors Before the General Meeting 25.0% → After the General Meeting 37.5%) ○Appropriate Management of the Nomination and Compensation Committees <ul style="list-style-type: none"> • Clarification of Criteria for Appointment and Dismissal of Representative Directors • Increase in the number of days held (FY2018 7 times) (Ratio of outside directors to all directors Before the General Meeting 50.0% → After the General Meeting 60.0%) ○Strengthen investor relations activities <ul style="list-style-type: none"> • Introduction of Electronic Voting System at General Meetings of Shareholders • Enhancement of English-language disclosure

Three-year Medium-term Plan Progress ④

Plan for investments

◆ Technical research center Expansion and renovation (open at the end of March 2019)

Special Feature	<ul style="list-style-type: none"> • Top-class facilities in the Kansai region in the renovation field • Cooperation with universities and public laboratories in the Kansai region
Renovation	<ul style="list-style-type: none"> • Established training and meeting areas to train young employees and engineers from partner companies, and provide hands-on training • Renewal of test equipment
Expansion	<ul style="list-style-type: none"> • Establishment of seismic monitoring system • Installation of a multi-purpose laboratory space



Expansion Building and Multipurpose Experimental Space Using Natural Light Illumination

◆ ICT・Core Systems related

ICT-related	<ul style="list-style-type: none"> • Expand BIM and CIM operations • Introduction of Green site and Building Record System • System support associated with the commencement of operation of the construction carrier-up system • Expansion of tablet operation • Proposal of design and construction projects, and utilization for the calculation of workshops, etc.
Core Systems	Restructuring of personnel, payroll, accounting, and sales systems



Quake-absorbing dampers

Three-year Medium-term Plan Progress ⑤



Plan for investments

◆To strengthen overseas operations

Name	SINGAPORE PAINTS & CONTRACTOR PTE. LTD.
Address	Singapore
Business content	Building painting and repair contracting
Percent ownership of voting rights	October 2018 Acquisition of 80% of shares October 2023 Acquisition of 20% of shares
Reason for acquisition	Renewal business development in ASEAN region

◆Cash payments to strengthen collaboration with partner companies

Cash ratio improvement	From August 2018, the lower limit of the amount of notes issued was changed to 50 million yen or more, and the cash payment ratio was increased.
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Return to Shareholders: Purchase and Cancellation of treasury stock



Reasons for purchase and cancellation of treasury stock

Enhance shareholder returns and implement flexible capital policies in response to changes in the business environment. The funds for the purchase were appropriated from the sale of a portion of the strategic shareholdings.

Purchase

Contents	<ul style="list-style-type: none"> • Total number of shares to be purchased 330,000 shares (maximum) • Total amount of purchase costs of shares ¥1,000,000,000 (maximum)
Result	<ul style="list-style-type: none"> • Shares purchased 313,600 shares • Purchase costs ¥ 999,933,700 • Period of purchase November 12, 2018 to January 16, 2019

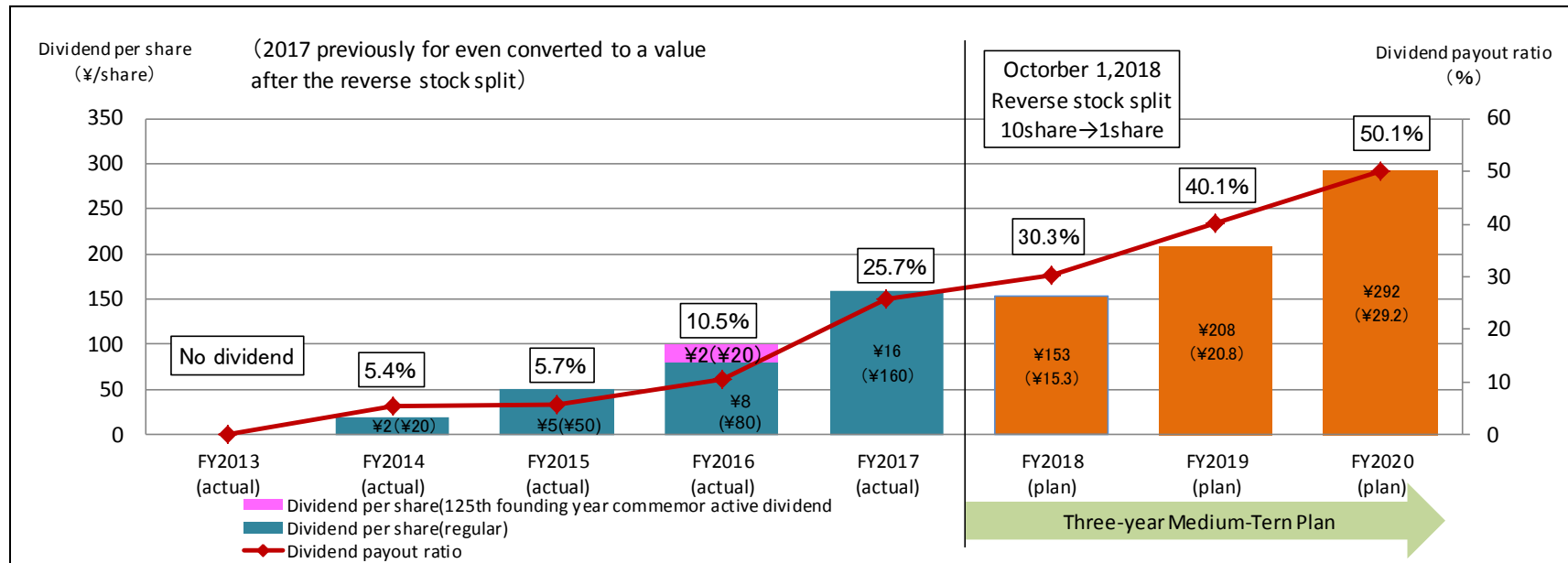
Cancellation

Cancellation	<ul style="list-style-type: none"> • Number of shares to be cancelled 430,000 shares (Percentage of total number of issued shares before cancellation 5.05%) • Scheduled date of cancellation May 31, 2019 (planned) • Number of Shares issued <ul style="list-style-type: none"> Before cancellation 8,508,629 shares After cancellation 8,078,629 shares
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Return to Shareholders: Revision of dividend payout ratio plan

The Company has revised its plan to achieve a consolidated dividend payout ratio of 30% or more in the first year of the three-year medium-term plan, and to achieve a consolidated dividend payout ratio of 50% or more in the last year of the plan.

Before correction	Our goal for FY2020, the last year of the medium-term plan, is to have a consolidated dividend payout ratio of at least 30%.		
After correction	In principle, we are aiming to achieve the following consolidated dividend payout ratio.		
	FY2018 plan	FY2019 plan	FY2020 plan
	Over 30%	Over 40%	Over 50%



Asanuma Social Contribution Basic Policy

In order to realize the ideal form of society as a member of society, each and every employee is aware of their social responsibilities and actively promotes social contribution activities.

FY2018 New Initiatives

Sponsorship of the Japan Physically Disabled Baseball Federation

World Convention
Held in Kobe in Sep.2018
Recognition ceremony



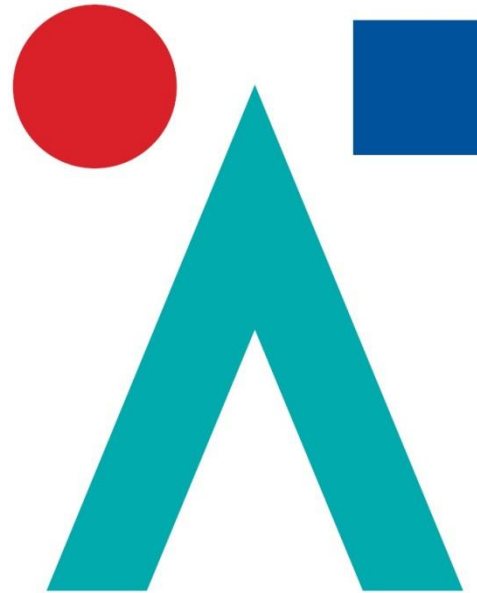
Sponsorship of the Japan Blind Tennis Federation

National convention
Held in Hiroshima in Sep. 2018



Sponsorship of NaraFM Program,
「Akio Okamoto
Nara Oku no Oku」





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Friday, May 17, 2019

Asanuma Corporation

Contact information

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