



# DAITO TRUST CONSTRUCTION CO., LTD.

## Report on Settlement of 1Q of FY ending in March 31, 2018

1Q Financial Highlights, Year ending in March 31, 2018

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## I. Results in 1 Q of FY ending in March 2018

PL

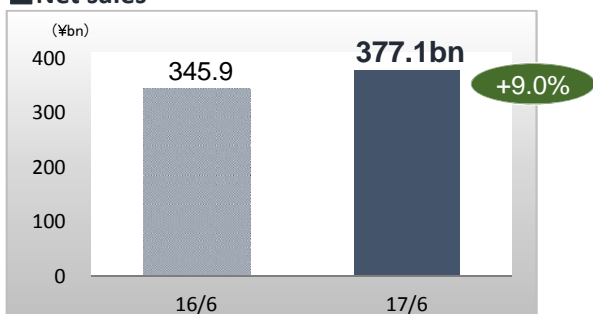
Consolidated  
PL

Profit & Loss highlights

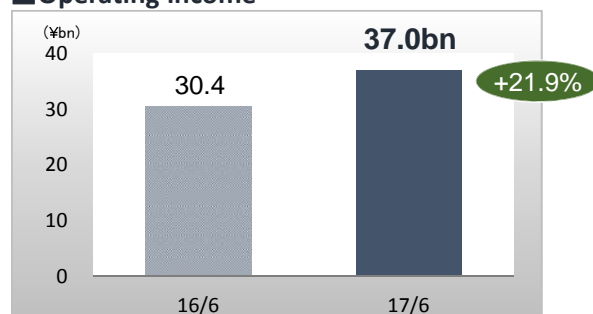
### Sales and profits marked new high

● :YoY

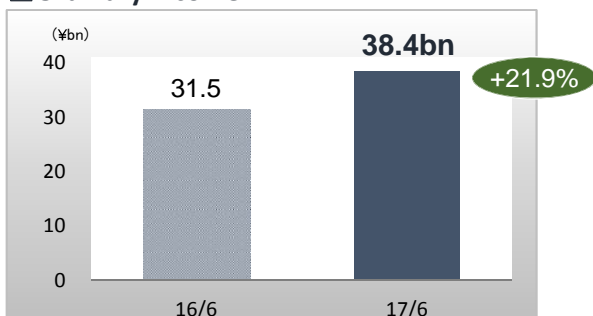
#### Net sales



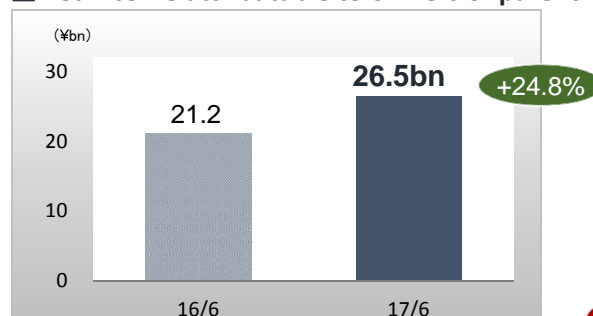
#### Operating income



#### Ordinary income



#### Net income attributable to owners of parent



PL

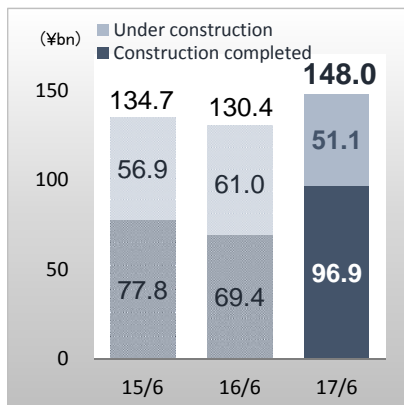
Profit & Loss by segment (Construction business)

Construction segment ①

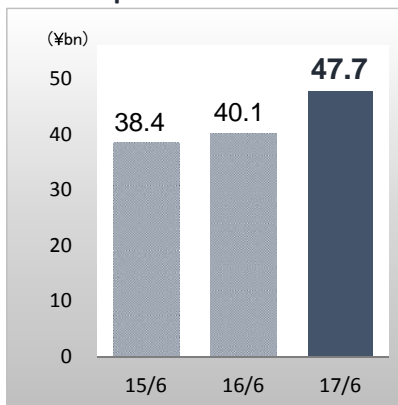
	2016/6	2017/6	(YoY)
Net sales	130.4	148.0	(+13.4%)
Gross profit	40.1	47.7	(+18.9%)
Operating income margin	19.8	26.0	(+31.4%)

(¥bn)

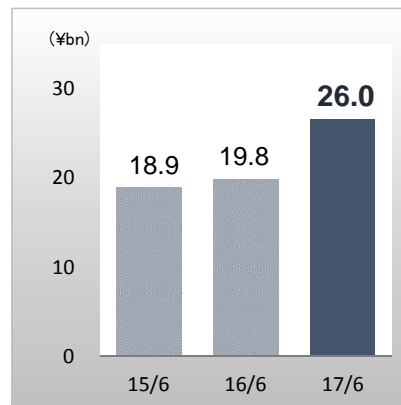
Net sales (Percentage of completion method)



Gross profit



Operating income



PL

Profit & Loss by segment (Construction business)

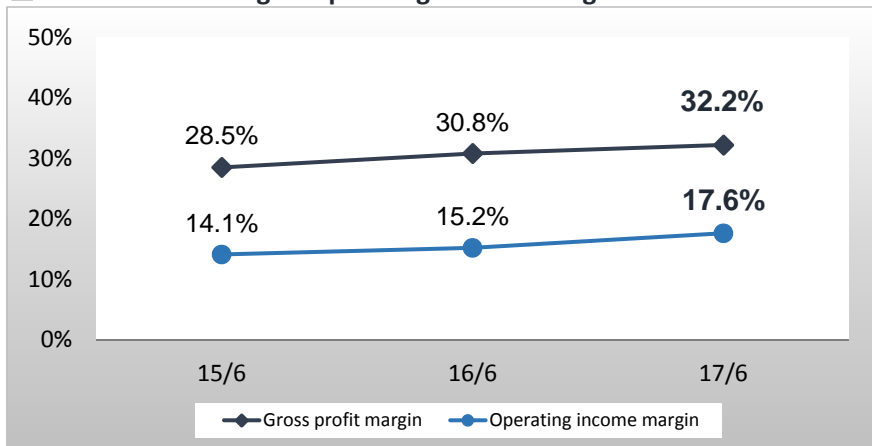
Construction segment ②

	2016/6	2017/6	(YoY)
Gross profit margin	30.8%	32.2%	[+1.4p]
Operating income	15.2%	17.6%	[+2.4p]

Major breakdown of the variance (+1.4p)

- ① Recognition of deferred income (sold loans receivable) +0.7p
- ② Labor cost +0.6p
- ③ Material cost +0.1p
- ④ Exchange ±0.0p

Gross income margin • Operating income margin



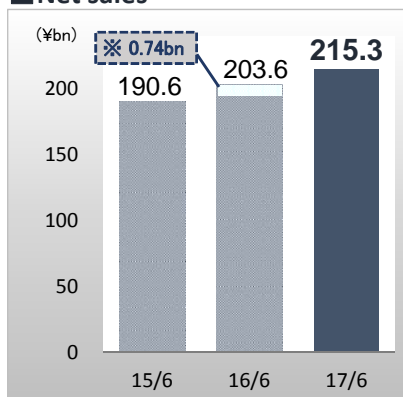
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Real estate segment ②

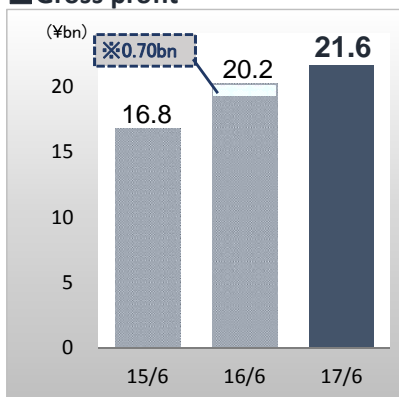
Profit & Loss by segment  
(Real estate business)

	2016/6	2017/6	(YoY)
Net sales	203.6	215.3	(+5.8%)
Gross profit	20.2	21.6	(+7.3%)
Operating income	10.9	11.5	(+5.6%)

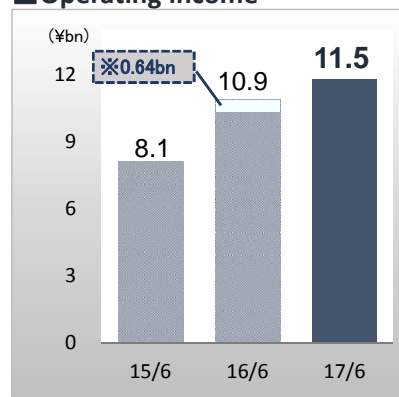
■ Net sales



■ Gross profit



■ Operating income



※ Increase due to the change of accounting period of House Leave Co., Ltd. (from Feb. to Mar.)

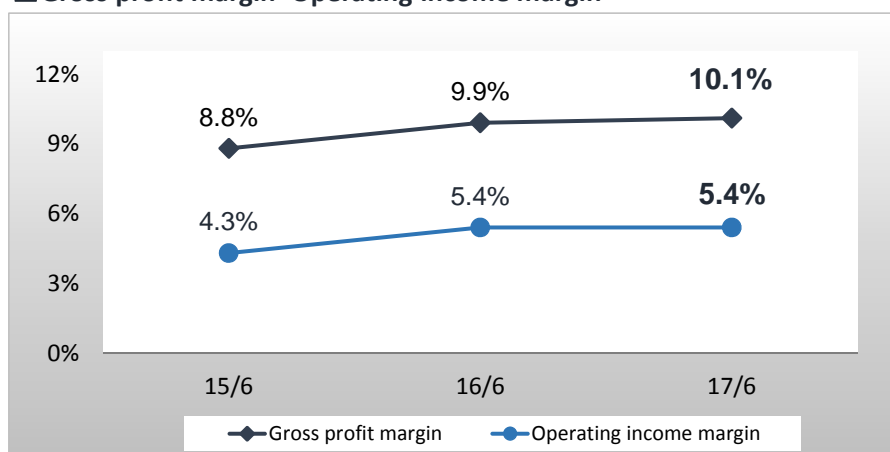
PL

Real estate segment ②

Profit & Loss by segment  
(Real estate business)

	2016/6	2017/6	(YoY)
Gross profit margin	9.9%	10.1%	[+0.2p]
Operating income margin	5.4%	5.4%	[±0.0p]

■ Gross profit margin • Operating income margin



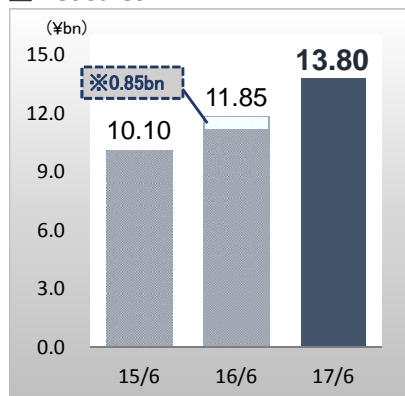
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Other segments

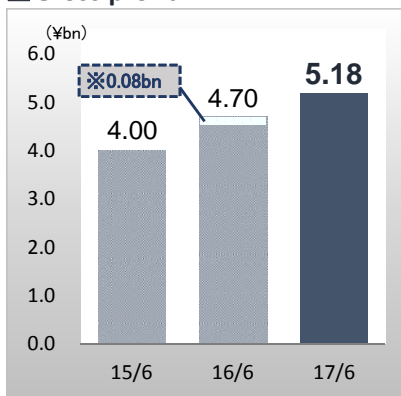
Profit & Loss by segment (Other businesses)

	2016/6	2017/6	(YoY)
Net sales	11.85	13.80	(+16.5%)
Gross profit	4.70	5.18	(+10.3%)
Operating income	2.74	3.08	(+12.2%)

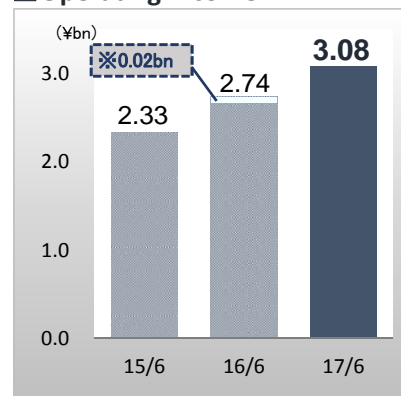
Net sales



Gross profit



Operating income



※ Increase due to the change of accounting period of Care Partner Co., Ltd. (from Feb. to Mar.)

PL

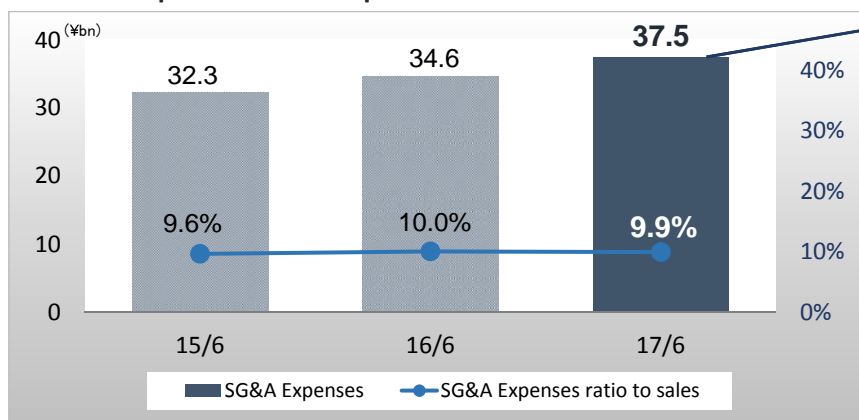
SG&A Expenses

Transition of selling, general and administrative expenses

	2016/6	2017/6	(YoY)
SG&A expenses	34.6	37.5	(+8.3%)
SG&A expenses ratio to sales	10.0%	9.9%	[Δ0.1p]

[ ] : Difference from same period in previous year

SG&A expenses \* SG&A expenses ratio to sales



Major breakdown of the variance (+ ¥2.9bn)

- ① Labor cost +1.3bn
- ② Advertising & general publicity expenses +0.3bn
- ③ Other expenses +¥1.3bn

# Financial Review

## Consolidated BS

### Balance Sheet highlights

(¥bn)

2016/6				2017/3				2017/6			
Current Assets	437.6	Current Liabilities	245.3	Current Assets	509.7 (+72.1)	Current Liabilities	337.9 (+92.6)	Current Assets	440.1 (Δ69.6)	Current Liabilities	280.7 (Δ57.2)
		Fixed Liabilities	193.4			Fixed Liabilities	167.9 (Δ25.5)			Fixed Liabilities	166.1 (Δ1.8)
Fixed Assets	250.0	Total Liabilities	438.7	Fixed Assets	271.6 (+21.6)	Total Liabilities	505.9 (+67.2)	Fixed Assets	275.4 (+3.8)	Total Liabilities	446.9 (Δ59.0)
		Net Assets	248.8			Net Assets	275.4 (+26.6)			Net Assets	268.7 (Δ6.7)
Total Assets	687.6	Total	687.6	Total Assets	781.4 (+93.8)	Total	781.4 (+93.8)	Total Assets	715.6 (Δ65.8)	Total	715.6 (Δ65.8)
Equity ratio	36.3%	Equity ratio	35.3%	Equity ratio	37.6%						
BPS	¥3,239.09	BPS	¥3,630.59	BPS	¥3,568.27						
EPS	¥275.62	EPS	¥1,072.64	EPS	¥349.62						

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# Financial Review

## Consolidated CF

### Cash Flows highlights

Cash and cash equivalents at the beginning of FY 18/3

200.1

Cash flows from operating activities

-32.6

#### Major breakdown items

- Net income before income tax in FY 18/3 1Q (+¥38.3bn)
- Payment of income tax, etc. (Δ¥30.1bn)
- Payment of bonus (Δ ¥15.6bn)
- Increase of building under construction (Δ ¥12.2bn)

Cash flows from investment activity

-11.3

#### Major breakdown items

- Acquisition and repayment of debt securities (Δ¥6.9bn)
- Purchase of solar power generation panels (Δ¥2.9bn)
- Purchase of new software systems (Δ¥1.6bn)

Cash flows from financing activity

-39.2

#### Major breakdown items

- Payment of dividends (Δ¥22.8bn)
- Acquisition of treasury stock (Δ¥12.5bn)
- Repayment of long-term loans (Δ¥4.2bn)

Cash and cash equivalents at the end of 1Q FY 18/3 1Q

116.1

(¥bn)

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## II. Key Figures

### Orders received

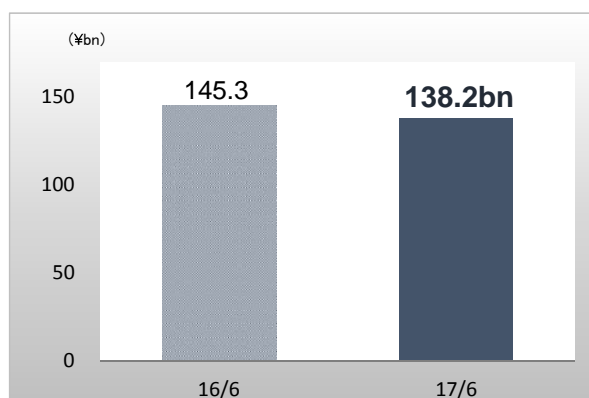
Orders received & orders in hand

Transition of orders received and orders in hand (Year on Year)

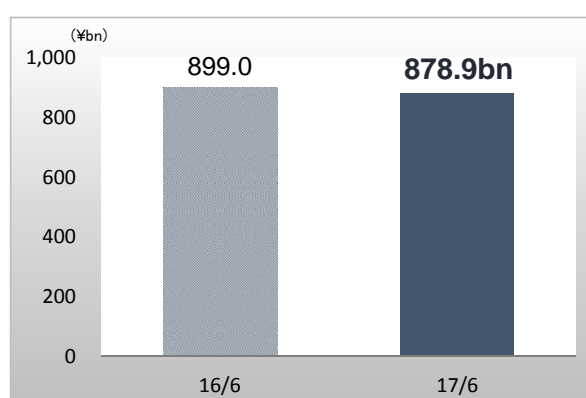
◆ Orders received      ¥138.2bn (YoY  $\Delta$ 4.9%)

◆ Orders in hand      ¥878.9bn (YoY  $\Delta$ 2.2%)

Orders received



Orders in hand



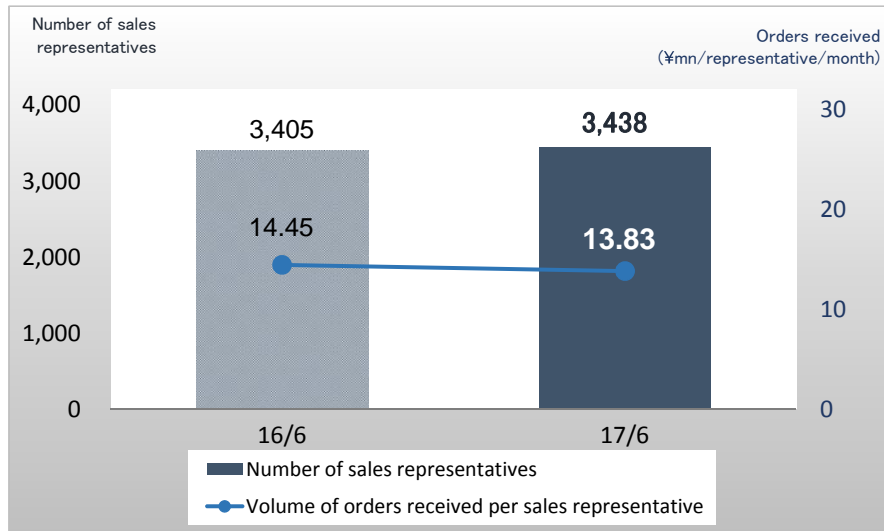
## Orders received

Efficiency in receiving orders

Transition of number of sales representatives and orders received per sales representative (Year on Year)

◆ Number of sales representatives (end of Jun.) **3,438 (+33 YoY)**

◆ Orders received per sales rep **¥13.83 mn/month (Δ¥0.62 mn YoY)**



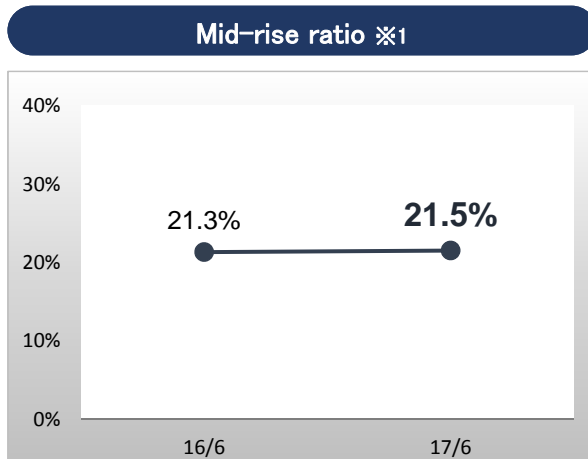
## Orders received

Index ①

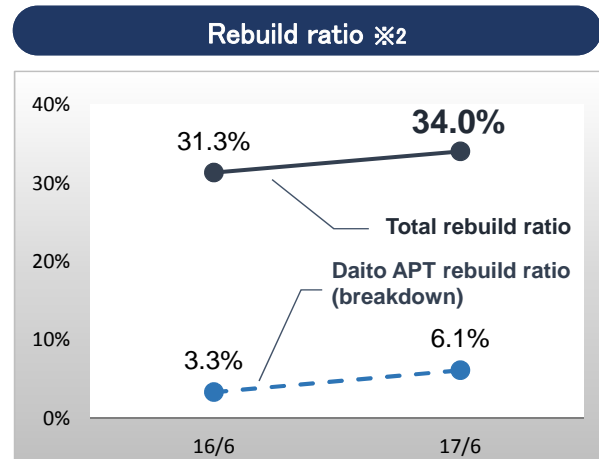
Transition of mid-rise ratio and rebuild ratio (Year on Year)

◆ Mid-rise ratio **21.5% (+0.2p YoY)**

◆ Rebuild ratio **34.0% (+2.7p YoY)**



※1 Mid-rise ratio = Number of orders received for APT house with 3 or more stories / Total number of orders received



※2 Total rebuild ratio = Number of orders received for rebuilding APT / Total number of orders received  
Daito APT rebuild ratio = Number of orders received for rebuilding APT built by Daito / Total number of orders received



## Orders received

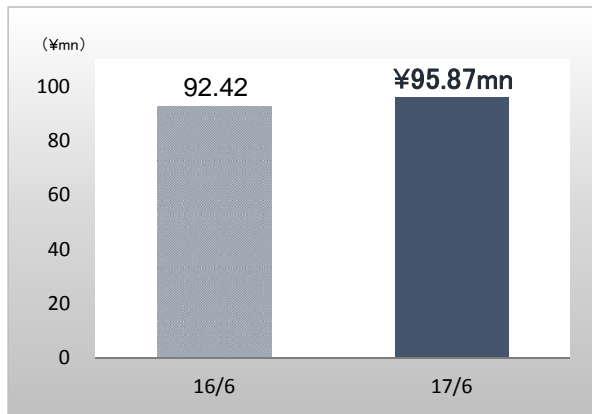
Index ②

Transition of average price of orders received and cancellation ratio (Year on Year)

◆ Average unit price of order received ¥ 95.87mn (YoY +¥3.45mn)

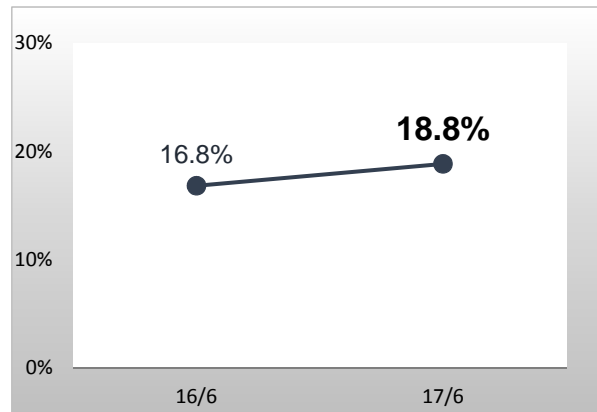
◆ Cancellation ratio 18.8% (YoY +2.0p)

Average unit price of orders received※1



※1 Average unit price of order received =  
Amount of new orders received / Number of orders received

Cancellation ratio※2



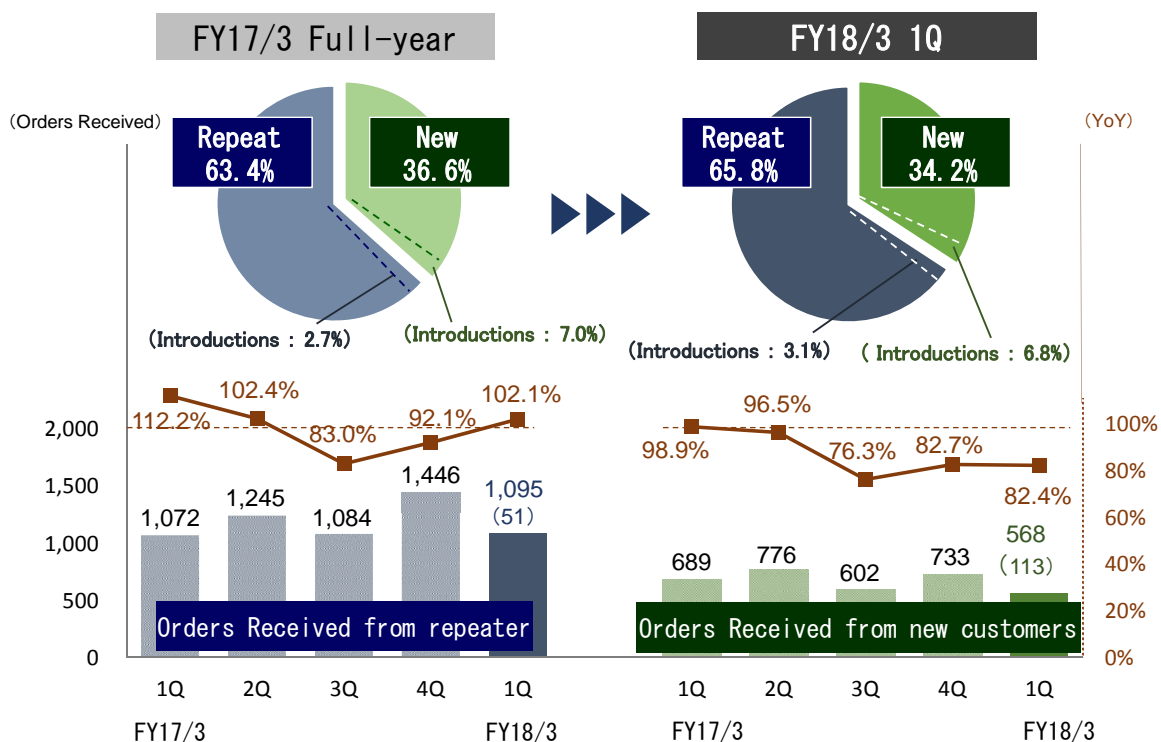
※2 Cancellation ratio = Amount of cancellation / Amount of new orders received

Orders received = Amount of new orders received - Amount of cancellation

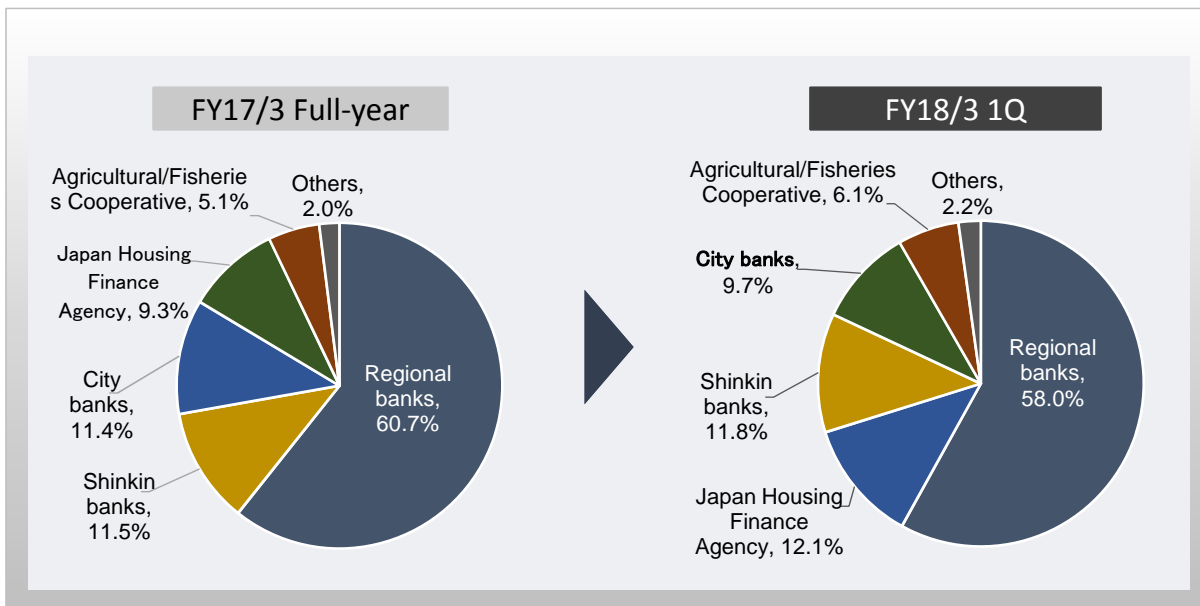
## Orders received

Index ③

Number of orders received & their channels (Year on Year)

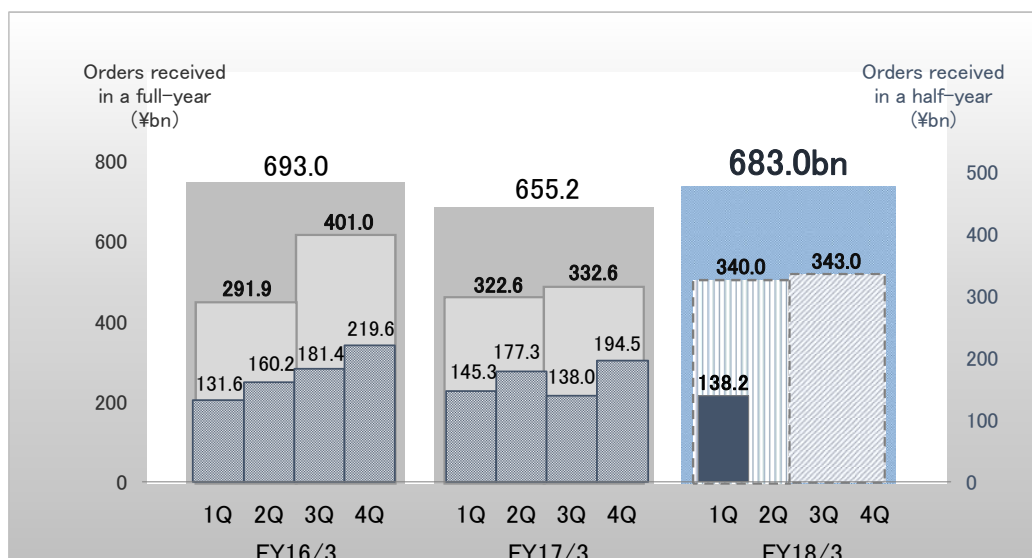


Shares of financial institutions (Construction starts basis)



◆ Plan of orders received in a full-year **¥683.0bn (YoY +4.2%)**

◆ Plan of orders received in a half-year **¥340.0bn (YoY +5.3%)**



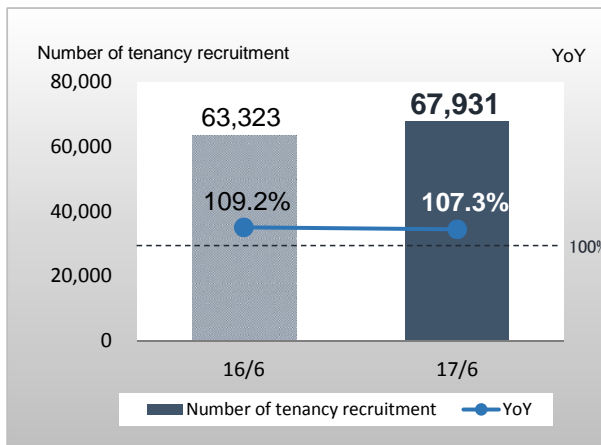
## Tenancy recruitment

### Number of recruitment

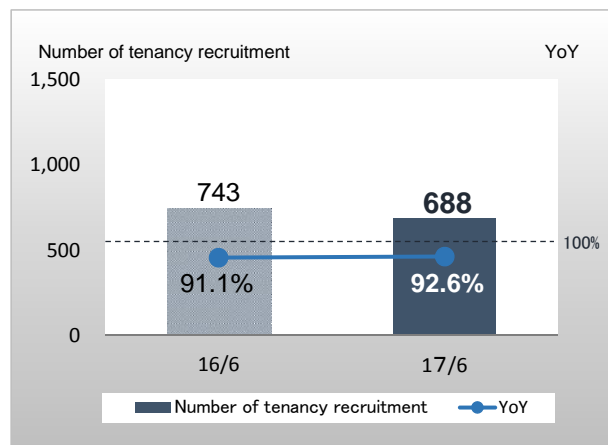
## Number of tenancy recruitment

- ◆ **Number of tenancy recruitment** 68,619 (+7.1% YoY)
- **Residential use** 67,931 (+7.3% YoY)
- **Commercial use** 688 (Δ7.4% YoY)

### Residential use



### Commercial use



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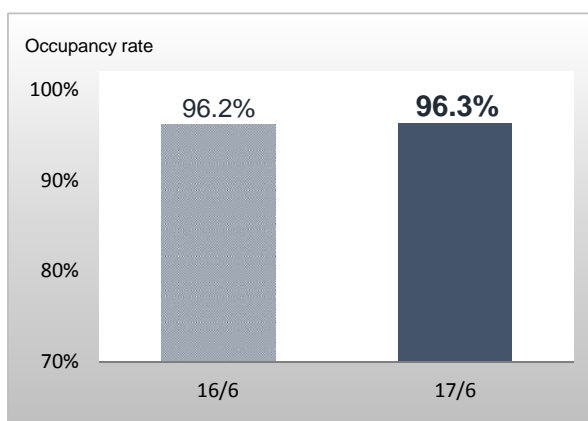
## Tenancy recruitment

### Occupancy rate

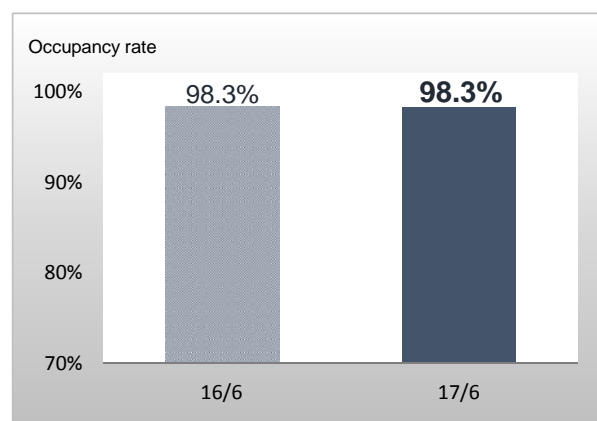
## Transition of Rent-based occupancy rate<sup>※</sup> (as of Jun)

- ◆ **Residential use** 96.3% (YoY +0.1p)
- ◆ **Commercial use** 98.3% (YoY ±0.0p)

### Residential use



### Commercial use



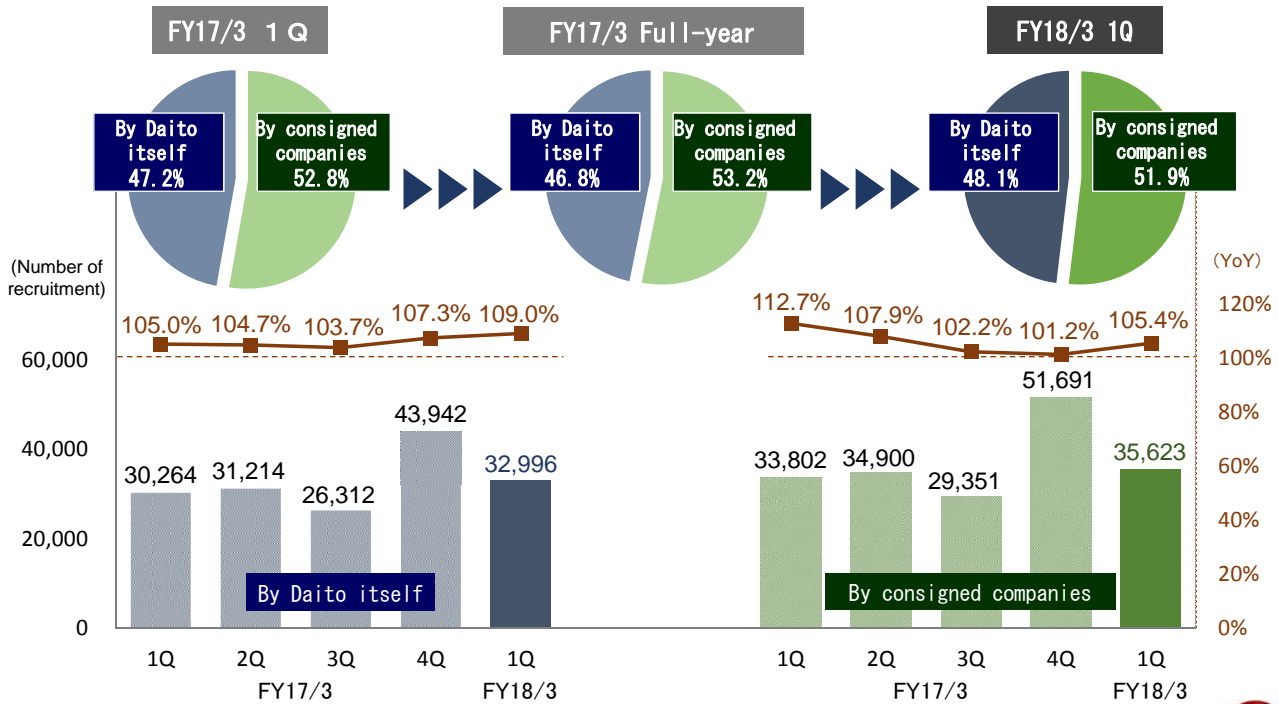
Rent-based as occupancy rate = 100% - (Lease fee payment for vacant units / Aggregate amount of rent [%])

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## Tenancy recruitment

Number of recruitment

## Transition of number of tenancy recruitment (by Daito itself and by consigned companies)



## Tenant recruitment

Measures to attract more

## Strategy for achieving 298,000 tenant recruitment

New TV ad “E-heya Net ‘E-heya Cat appears’ version” is on air from July

● E-heya Net ‘E-heya Cat appears’ version



● Lottery for overseas trip



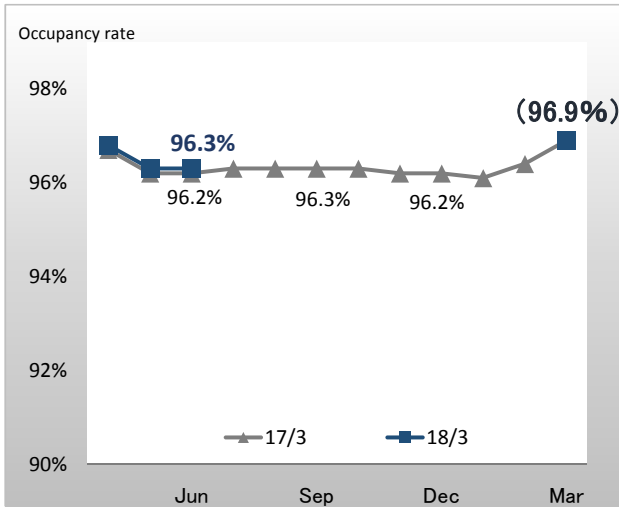
## Tenant recruitment

Resetting target

## Target of occupancy rate

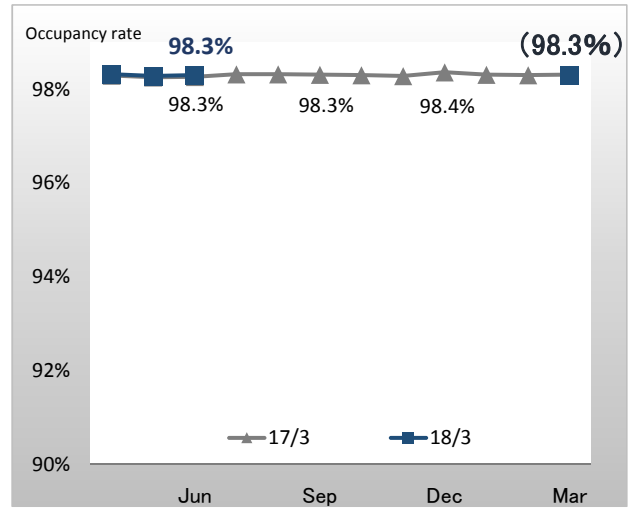
Occupancy rate of residential use units

Target in 2018/3 **96.9%**



Occupancy rate of commercial use units

Target in 2018/3 **98.3%**



## III. Topics

Release of collaboration product with renowned architect: REFLA

# REFLA

July 2017-







**Producing “healing” spaces which appeals to all five senses**

- The layout does not hinder sight and wind.
- The design makes you feel warmth of wood.
- Living room and outside are integrated in “Outdoor Living”.



MOUNT FUJI ARCHITECTS STUDIO  
Mr. Masahiro Harada and Ms. Mao Harada

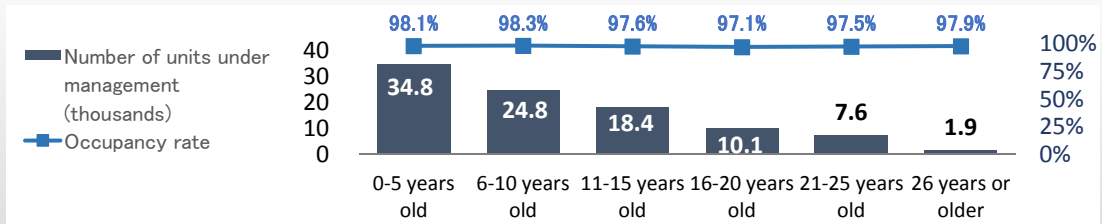
● High occupancy rate enabled by distinctive management system



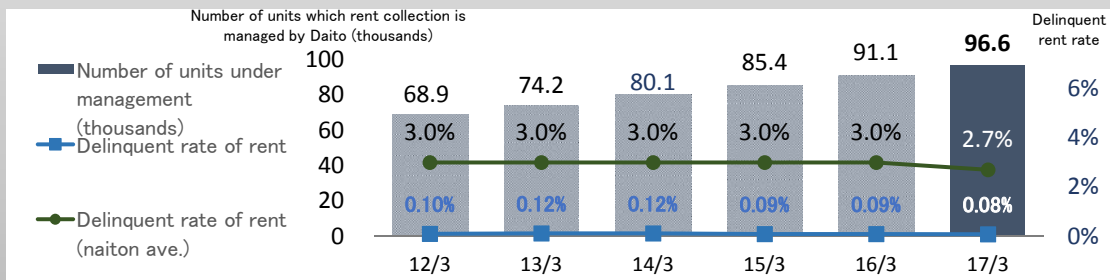
Topics

Management System ②

● High occupancy rate regardless of buildings' age



● Low default rate enabled by distinctive management ability



IV. Appendix

## Non-consolidated Profit & Loss <FY18/3>

(¥mn)

	16/6	17/6	YoY	Plan (full-year)
<b>Net Sales</b>	135,887	<b>151,951</b>	<b>+11.8%</b>	<b>658,800</b>
Construction	130,509	148,033	+13.4%	652,000
Real estate & Others	5,377	3,918	△27.1%	6,800
<b>Gross profit</b>	40,364	<b>47,436</b>	<b>+17.5%</b>	<b>197,700</b>
Construction	39,735	46,579	+17.2%	195,400
Real estate & Others	630	857	+36.0%	2,300
<b>SG&amp;A expenses</b>	26,984	<b>29,028</b>	<b>+7.6%</b>	<b>136,200</b>
<b>Operating income</b>	13,380	<b>18,408</b>	<b>+37.6%</b>	<b>61,500</b>
<b>Ordinary income</b>	26,397	<b>36,424</b>	<b>+38.0%</b>	<b>83,000</b>
<b>Net income</b>	21,654	<b>30,211</b>	<b>+39.5%</b>	<b>60,500</b>

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## Profit & Loss of major subsidiaries (Construction) <FY18/3>

(¥ mn)

	Construction business							
	Daito Construction				Daito Steel			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
<b>Net sales</b>	<b>934</b>	<b>1,489</b>	<b>+59.4%</b>	<b>7,000</b>	<b>942</b>	<b>1,046</b>	<b>+11.0%</b>	<b>4,841</b>
<b>Gross profit</b>	△5	△8	—	<b>238</b>	53	59	+11.3%	237
<b>SG&amp;A expenses</b>	16	32	+100%	102	17	19	+11.8%	78
<b>Operating income</b>	<b>△22</b>	<b>△40</b>	—	<b>136</b>	<b>35</b>	<b>40</b>	<b>+14.3%</b>	<b>159</b>
<b>Ordinary income</b>	<b>△12</b>	<b>△23</b>	—	<b>210</b>	<b>36</b>	<b>38</b>	<b>+5.6%</b>	<b>159</b>
<b>Net income</b>	<b>78</b>	<b>△17</b>	—	<b>140</b>	<b>24</b>	<b>25</b>	<b>+4.2%</b>	<b>103</b>

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## Sales structure of real estate business <FY18/3>

(¥mn)

	15/6		16/6		17/6		
	Amount	(Ratio)	Amount	(ratio)	Amount	(Ratio)	YoY
Whole-building leases*1	174,102	(91.3%)	185,720	(91.2%)	<b>196,428</b>	(91.2%)	<b>+5.8%</b>
Building and repairs	8,059	(4.2%)	6,918	(3.4%)	<b>7,708</b>	(3.6%)	<b>+11.4%</b>
Brokerage of real estate	3,640	(1.9%)	4,087	(2.0%)	<b>3,875</b>	(1.8%)	<b>Δ5.2%</b>
Leasing business*2	1,486	(0.8%)	1,538	(0.8%)	<b>1,554</b>	(0.7%)	<b>+1.0%</b>
Rent guarantee business	1,484	(0.8%)	2,698	(1.3%)	<b>2,557</b>	(1.2%)	<b>Δ5.2%</b>
Electricity business	990	(0.5%)	1,699	(0.8%)	<b>2,123</b>	(1.0%)	<b>+25.0%</b>
Others	921	(0.5%)	965	(0.5%)	<b>1,092</b>	(0.5%)	<b>+13.2%</b>
<b>Total</b>	<b>190,686</b>	<b>(100.0%)</b>	<b>203,628</b>	<b>(100.0%)</b>	<b>215,341</b>	<b>(100.0%)</b>	<b>+5.8%</b>

※1 Sub-lease contract in Lease Management Trust System by Daito Building Management.

※2 Mainly Shinagawa East One Tower

## Profit & Loss of major subsidiaries (Real estate-1) <FY18/3>

(¥ mn)

	Real estate business							
	Daito Kentaku Partners*1				Daito Kentaku Leasing*2			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
Net sales	195,682	<b>207,933</b>	<b>+6.3%</b>	<b>837,815</b>	—	<b>1,498</b>	—	<b>16,000</b>
Gross profit	16,259	<b>17,498</b>	<b>+7.6%</b>	<b>59,278</b>	—	<b>819</b>	—	<b>7,700</b>
SG&A expenses	4,143	<b>4,318</b>	<b>+4.2%</b>	<b>20,848</b>	—	<b>273</b>	—	<b>3,900</b>
Operating income	12,115	<b>13,179</b>	<b>+8.8%</b>	<b>38,430</b>	—	<b>545</b>	—	<b>3,800</b>
Ordinary income	15,032	<b>17,595</b>	<b>+17.1%</b>	<b>43,590</b>	—	<b>545</b>	—	<b>4,800</b>
Net income	10,849	<b>13,405</b>	<b>+23.6%</b>	<b>31,017</b>	—	<b>371</b>	—	<b>4,800</b>

※1 Daito Building Management Co.,Ltd. changed its trade name to Daito Kentaku Partners Co.,Ltd. on April 1, 2017.

※2 The subsidiary was founded in October 2016 and fully started its operation in late May 2017.

## Profit & Loss of major subsidiaries (Real estate-2) <FY18/3>

(¥ mn)

	Real estate business							
	Housecom				House Leave			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
Net sales	2,292	2,463	+7.5%	10,822	2,698	2,557	Δ5.2%	10,496
Gross profit	2,260	2,400	+6.2%	10,604	2,538	2,401	Δ5.4%	9,577
SG&A expenses	2,113	2,290	+8.4%	9,595	276	683	+147.5%	2,993
Operating income	146	109	Δ25.3%	1,009	2,262	1,717	Δ24.1%	6,584
Ordinary income	148	112	Δ24.3%	1,247	2,267	1,718	Δ24.2%	6,592
Net income	92	64	Δ30.4%	796	1,516	1,135	Δ25.1%	4,540

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## Profit & Loss of major subsidiaries (Other businesses-1) <FY18/3>

(¥ mn)

	Other businesses (Financial business)											
	Daito Finance				D.T.C				House Guard			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
Net sales	344	376	+9.3%	1,206	799	941	+17.8%	3,362	485	541	+11.5%	2,382
Gross profit	269	294	+9.3%	931	299	377	+26.1%	1,345	167	257	+53.9%	1,123
SG&A expenses	32	45	+40.6%	179	3	5	+66.7%	16	167	197	+18.0%	903
Operating income	236	249	+5.5%	752	295	371	+25.8%	1,329	0	60	—	220
Ordinary income	236	249	+5.5%	753	304	182	Δ40.1%	1,198	0	60	—	220
Net income	163	164	+0.6%	516	304	182	Δ40.1%	1,198	Δ0	59	—	143

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## Profit & Loss of major subsidiaries (Other businesses-2) <FY18/3>

(¥ mn)

	Other businesses(Care Business・Gas Supply Business)							
	Care Partner				Gaspal <small>※ Consolidated financial statement of Gaspal Group in this FY.</small>			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
Net sales	3,471	<b>2,857</b>	△17.7%	11,110	5,863	<b>5,989</b>	+2.1%	24,559
Gross profit	525	<b>398</b>	△24.2%	1,290	2,608	<b>2,618</b>	+0.4%	10,435
SG&A expenses	264	<b>247</b>	△6.4%	990	1,400	<b>1,609</b>	+14.9%	6,314
Operating income	260	<b>151</b>	△41.9%	300	1,207	<b>1,008</b>	△16.5%	4,121
Ordinary income	261	<b>150</b>	△42.5%	295	1,199	<b>959</b>	△20.0%	3,864
Net income	166	<b>62</b>	△62.7%	174	862	<b>858</b>	△0.5%	2,648

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## Profit & Loss of major subsidiaries (Other businesses-3) <FY18/3>

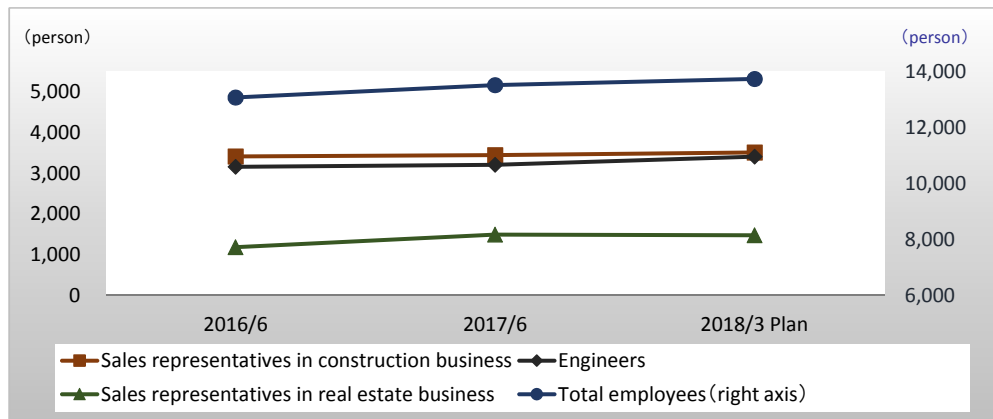
(¥ mn)

	Other businesses (Foreign Business・Energy business)							
	D.A.D (Malaysia)				Daito Energy			
	16/6	17/6	YoY	Plan (full-year)	16/6	17/6	YoY	Plan (full-year)
Net sales	703	<b>663</b>	△5.7%	2,771	65	<b>2,596</b>	—	19,621
Gross profit	326	<b>314</b>	△3.7%	1,279	5	<b>292</b>	—	2,342
SG&A expenses	288	<b>239</b>	△17.0%	953	80	<b>293</b>	266.3%	1,719
Operating income	37	<b>75</b>	+102.7%	326	△75	<b>△1</b>	—	623
Ordinary income	643	<b>147</b>	△77.1%	2,664	△75	<b>△42</b>	—	272
Net income	643	<b>147</b>	△77.1%	238	△75	<b>△43</b>	—	263

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## Transition of number of employees in each business section (major 3 companies)



	2016/6	2017/6	(YoY)	End of March 2018 (Plan)
<b>Total employees</b>	13,060	<b>13,498</b>	+438	13,721
<b>Sales representative in construction business</b>	3,405	<b>3,438</b>	+33	3,500
<b>Engineers</b>	3,149	<b>3,197</b>	+48	3,400
<b>Sales representative in real estate business</b>	1,175	<b>1,485</b>	+310	1,470

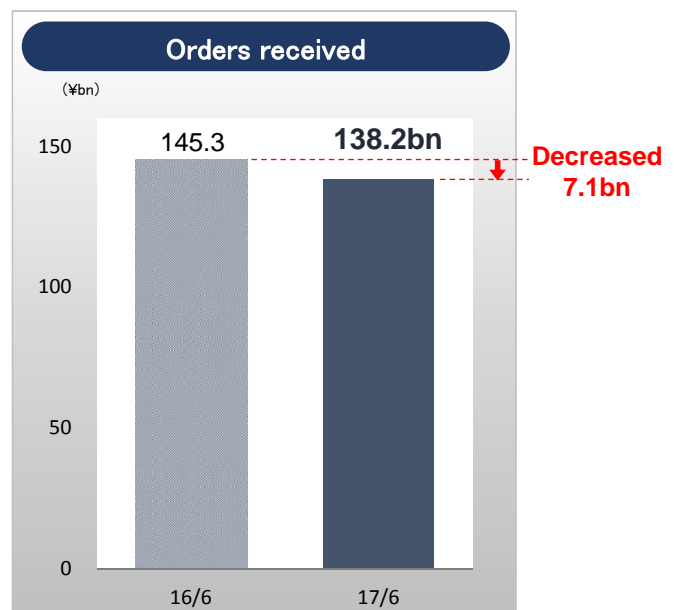
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## Orders received compared with 1Q of FY17/3

### Decreased ¥7.1bn

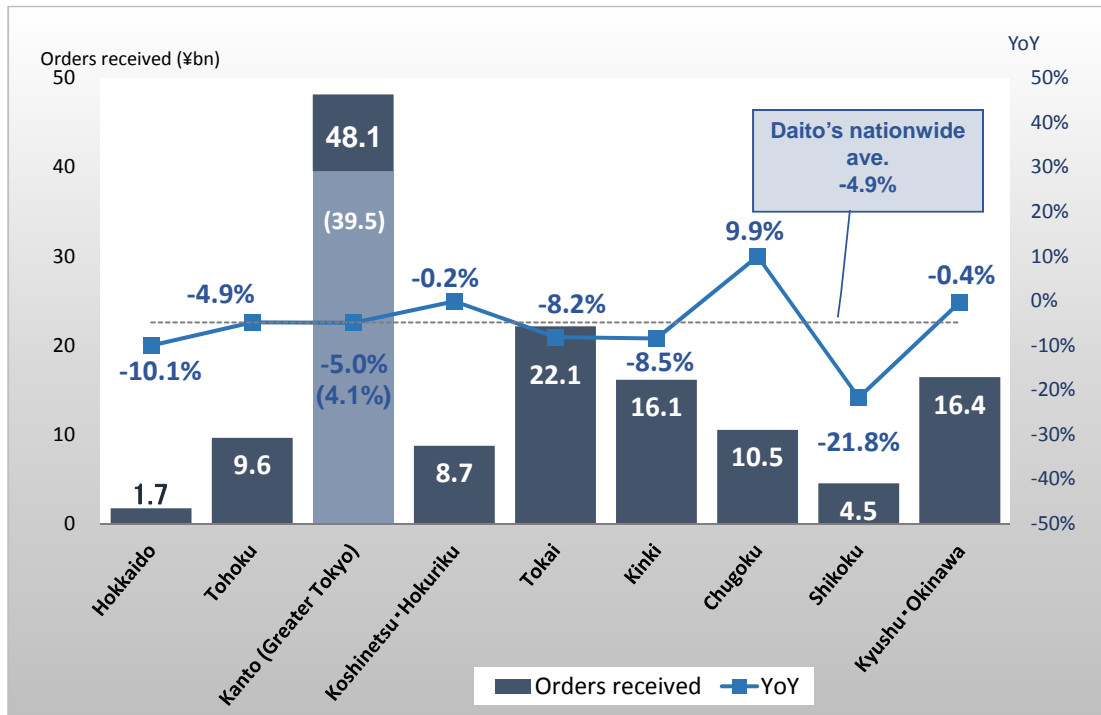
- ① **Number of orders (projects)**  $\Delta 9.0\text{bn}$   
(1,761 orders  $\rightarrow$  1,663 orders)
- ② **Per project price** **+5.7bn**  
(¥92.42mn/project  $\rightarrow$  ¥95.87mn/project)
- ③ **Cancellation**  $\Delta 2.7\text{bn}$   
(16.8%  $\rightarrow$  18.8%)
- ④ **Building & repairs**  $\Delta 1.1\text{bn}$   
(¥11.9bn  $\rightarrow$  ¥10.8bn)



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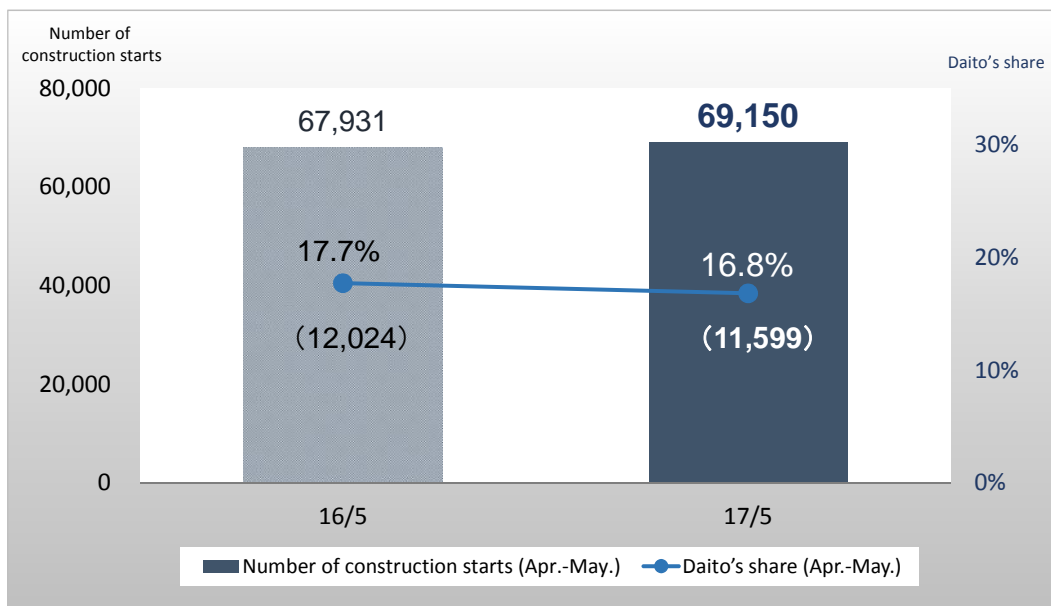
## Orders received in each region



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## Number of construction starts & Daito's share (Year on Year)

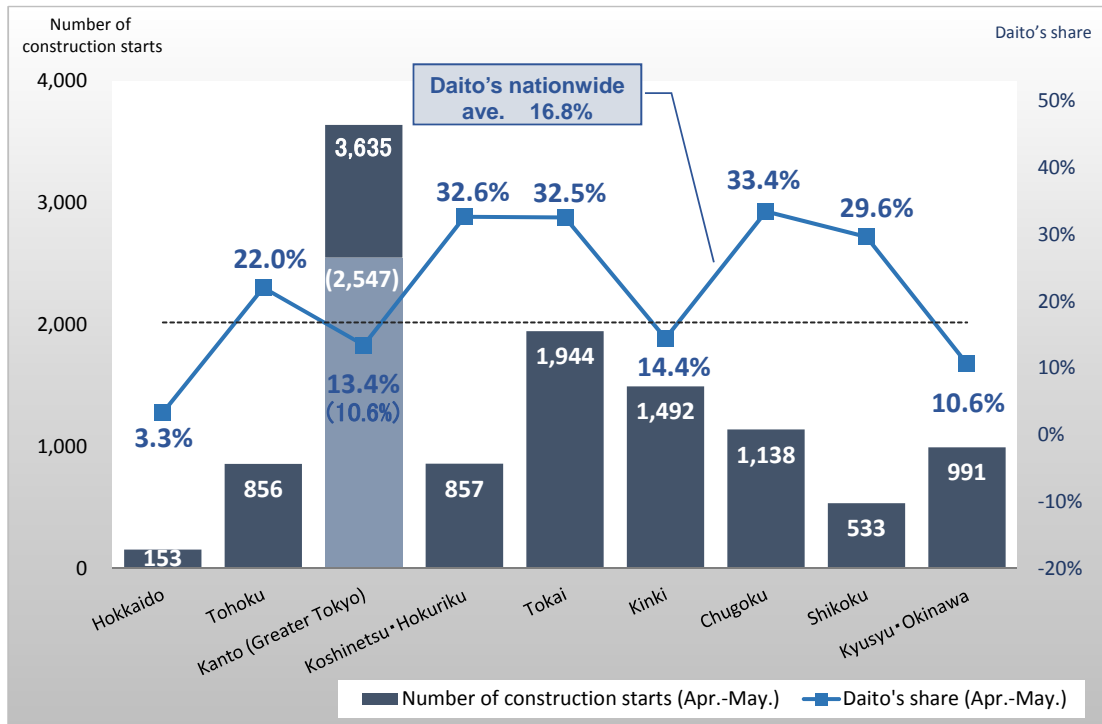


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing Starts Statistics" )

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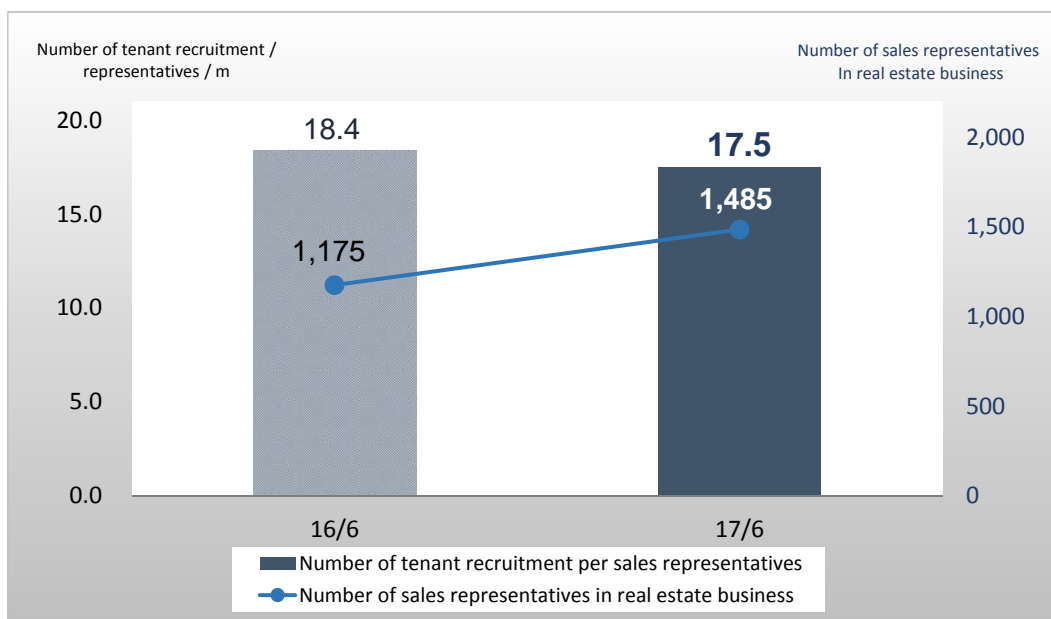
## Number of construction starts by area & Daito's share



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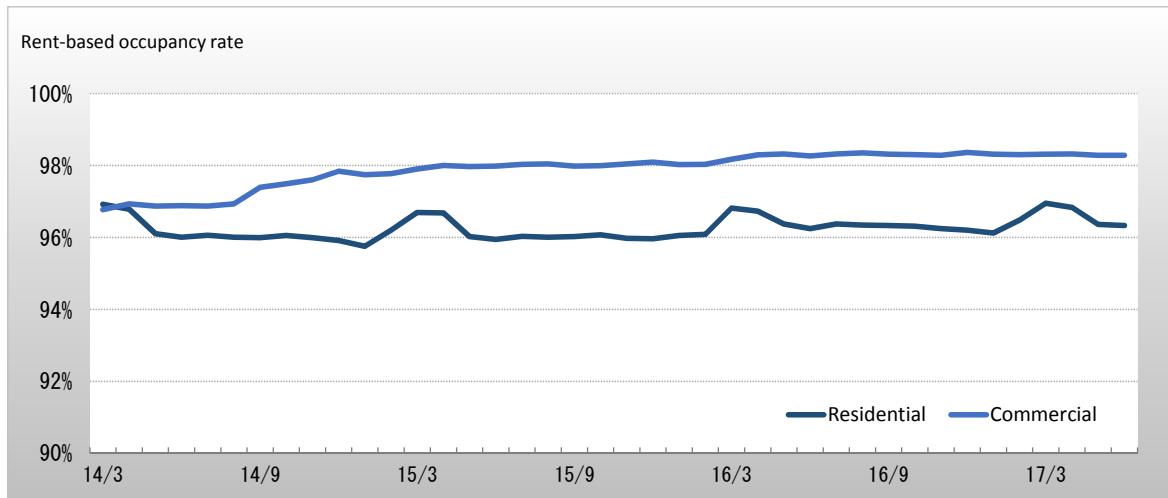
## Transition of number of tenant recruitment per sales representatives (Year on Year)



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## Rent-based occupancy rate

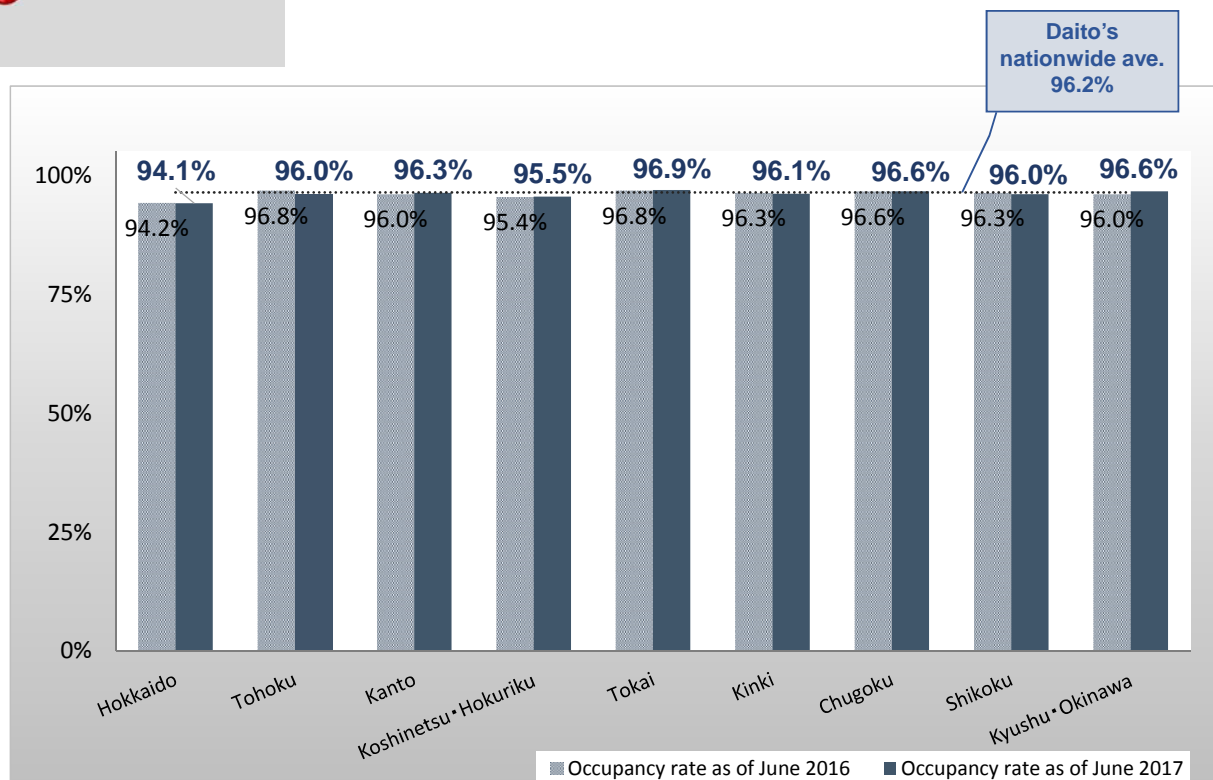


Rent-based occupancy rate	13/6	14/6	15/6	16/6	17/6	YoY
Residential use(%)	95.9%	96.0%	95.9%	96.2%	<b>96.3%</b>	<b>+0.1p</b>
Commercial use(%)	95.8%	96.9%	98.0%	98.3%	<b>98.3%</b>	<b>±0.0p</b>

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## Rent-based occupancy rate in each region (as of June : residential use)

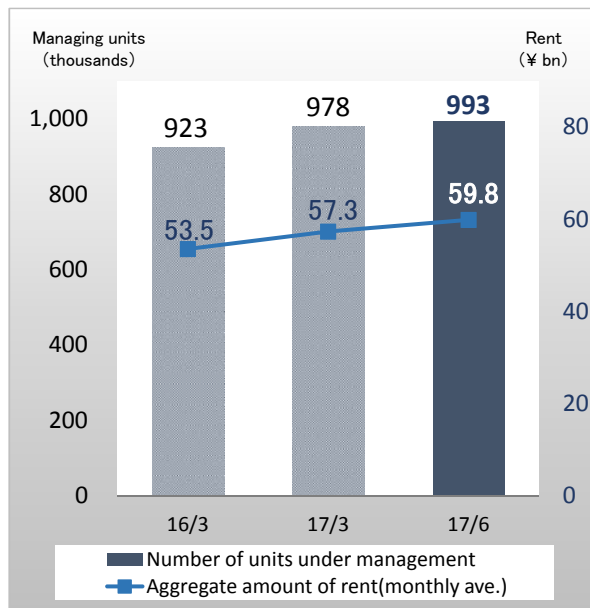


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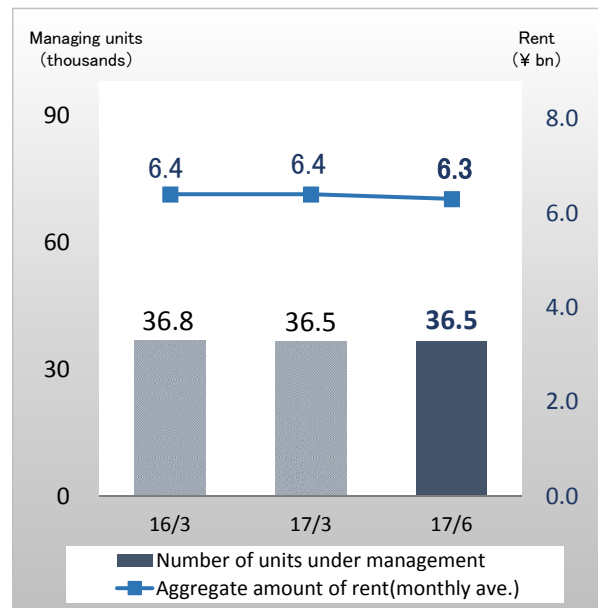
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# Number of units under management & aggregate amount of rent

## Residential use



## Commercial use





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