



DAITO TRUST CONSTRUCTION CO., LTD.

Report on Settlement of 3Q of FY ending in March 31, 2019

3Q Financial Highlights, Year ending March 31, 2019



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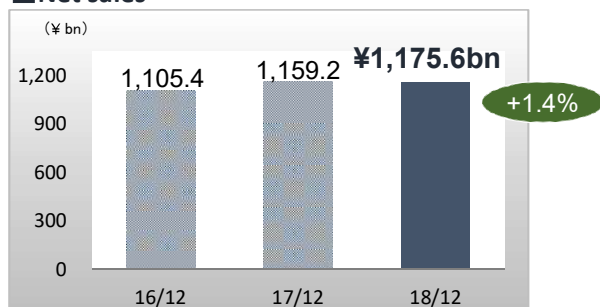
I . Result in 3Q of FY ending in March 2019

PL

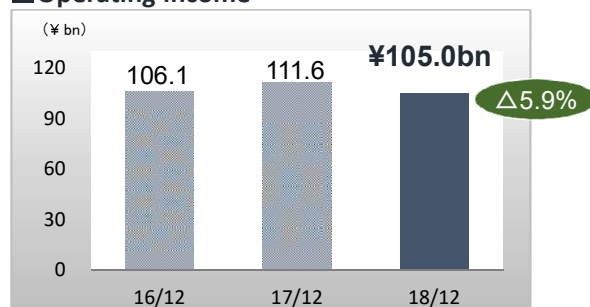
Consolidated PL

Profit & Loss highlights

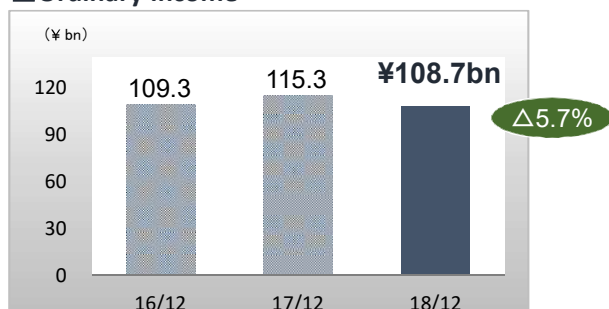
■ Net sales



■ Operating income



■ Ordinary income



■ Net income attributable to parent



PL

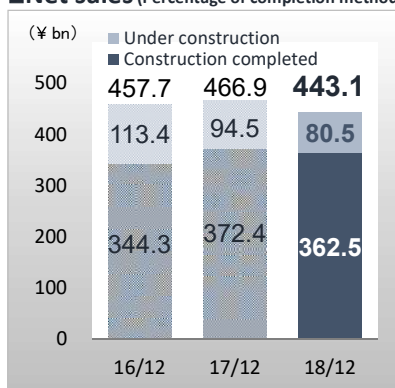
Profit & Loss by segment (Construction business)

Construction segment①

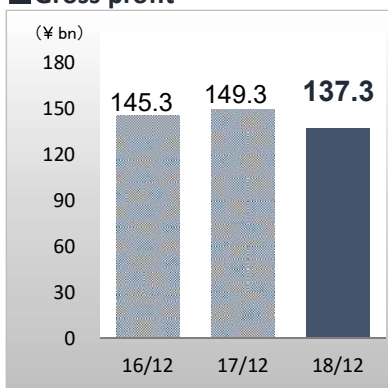
(¥ bn)

	2017/12	2018/12	(YoY)
Net sales	466.9	443.1	(△5.1%)
Gross profit	149.3	137.3	(△8.0%)
Operating income	84.0	71.6	(△14.7%)

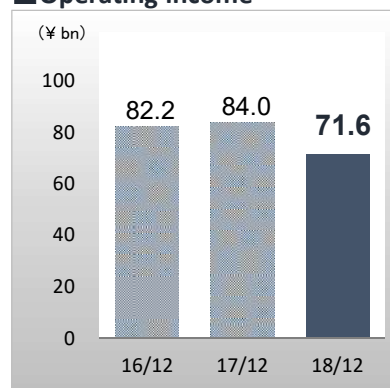
■ Net sales (Percentage of completion method)



■ Gross profit



■ Operating income



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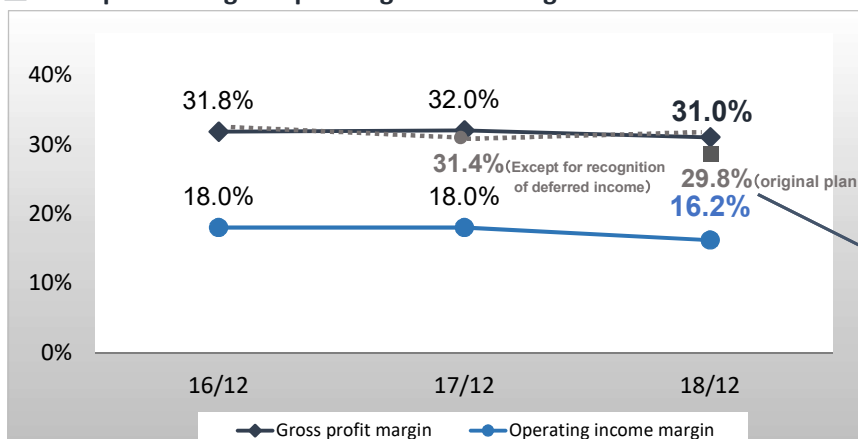
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Profit & Loss by segment (Construction business)

Construction segment②

	2017/12	2018/12	(YoY)
Gross profit margin	32.0%	31.0%	[△1.0p]
Operating income margin	18.0%	16.2%	[△1.8p]

■ Gross profit margin • Operating income margin



Major breakdown of the variance (△1.0p)

① Labor cost	±0.0p
② Material cost	△0.2p
③ Exchange and imported materials	△0.2p
④ Recognition of deferred income (sold loans receivable)	△0.6p

Major breakdown of the variance from original plan (+1.2p)

① Labor cost	+1.2p
② Material cost	±0.0p
③ Exchange and imported materials	±0.0p
④ Recognition of deferred income	±0.0p

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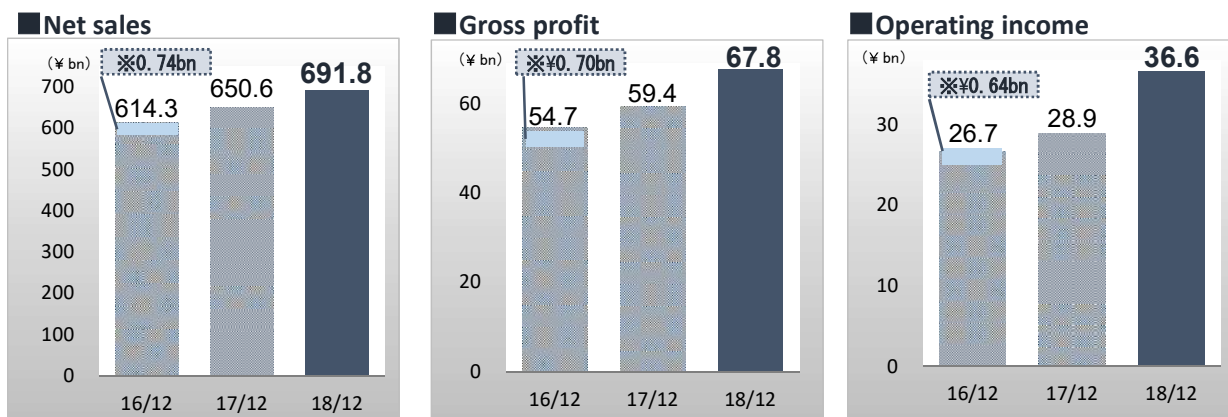
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Profit & Loss by segment (Real estate business)

Real estate segment①

	2017/12	2018/12	(¥ bn)
Net sales	650.6	691.8	(+6.3%)
Gross profit	59.4	67.8	(+14.2%)
Operating income	28.9	36.6	(+26.7%)

※Increase in income due to transition of insurance business for tenants



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

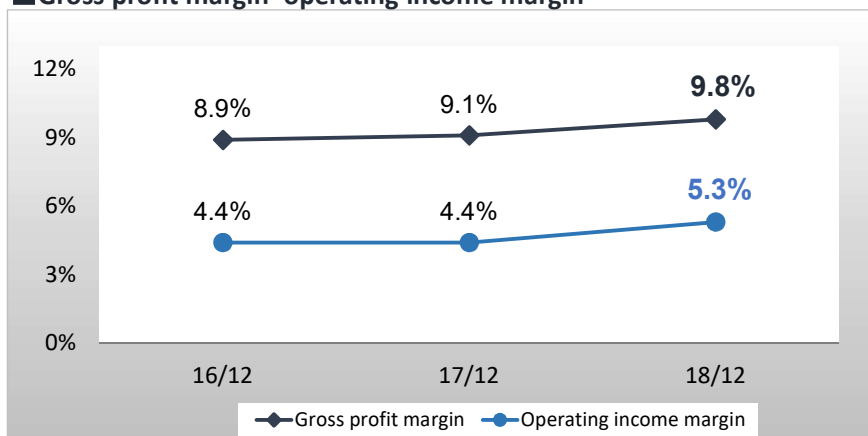
PL

Profit & Loss by segment (Real estate business)

Real estate segment②

	2017/12	2018/12	(YoY)
Gross profit margin	9.1%	9.8%	[+0.7p]
Operating income margin	4.4%	5.3%	[+0.9p]

Gross profit margin * operating income margin



PL

Profit & Loss by segment (Other businesses)

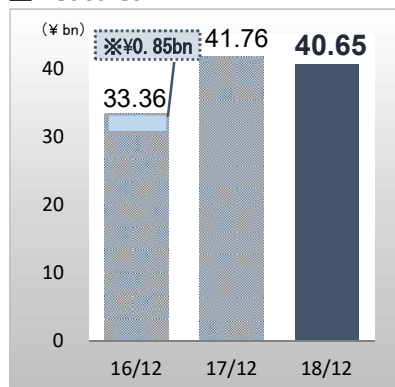
Other segments

	2017/12	2018/12	(YoY)
Net sales	41.76	40.65	(△2.7%)
Gross profit	14.40	15.92	(+10.6%)
Operating income	7.95	7.77	(△2.2%)

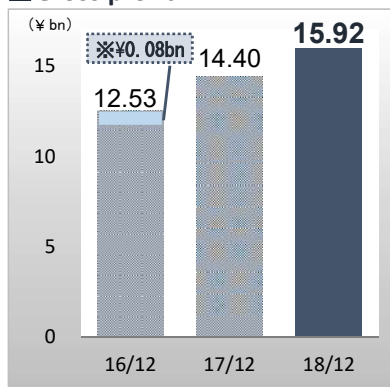
Major breakdown

- Reduction of Daito Energy
- Extension of foreign hotel business
- Decrease in income of insurance fee (Due to transition of insurance business for tenants)

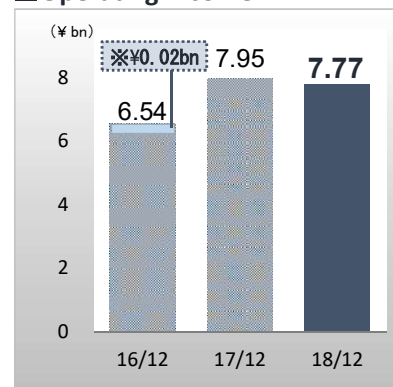
Net sales



Gross profit



Operating income



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

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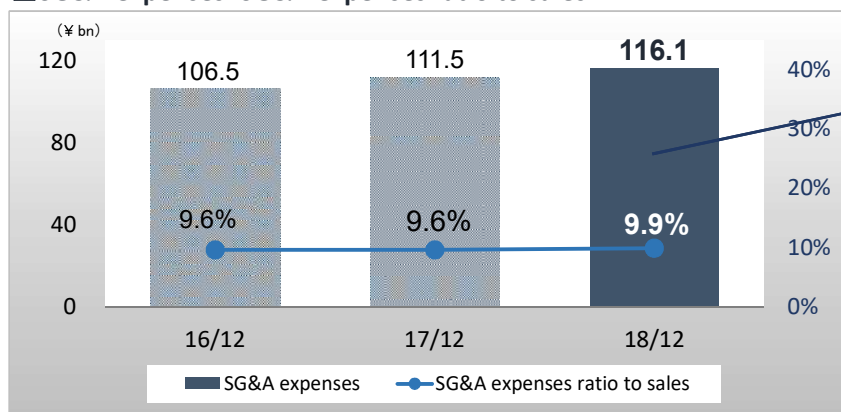
Transition of selling, general and administrative expenses

SG&A Expenses

	2017/12	2018/12	(YoY)
SG&A expenses	111.5	116.1	(+4.1%)
SG&A expenses ratio to sales	9.6%	9.9%	[+0.3p]

[] : Difference from same period in previous year

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



Major breakdown of the variance (+¥4.6bn)

- ① Labor cost +1.32bn
- ② Advertising & general publicity expenses ±0.00bn
- ③ Depreciation of software for new system development +1.48bn
- ④ Hilton Kuala Lumpur (Labor cost and other expenses) +1.01bn
- ⑤ Other expenses +0.79bn

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Financial Review

Consolidated BS

Balance Sheet highlights

(¥ bn)

2017/12

2018/3

2018/12

Current Assets	428.3	Current Liabilities	254.5	Current Assets	509.8 (+81.5)	Current Liabilities	296.2 (+41.7)	Current Assets	456.4 (Δ53.4)	Current Liabilities	240.7 (Δ55.5)
		Fixed Liabilities	171.6			Fixed Liabilities	249.7 (+78.1)			Fixed Liabilities	261.6 (+11.9)
Fixed Assets	285.3	Total Liabilities	426.1	Fixed Assets	333.1 (+47.8)	Total Liabilities	545.9 (+119.8)	Fixed Assets	361.5 (+28.4)	Total Liabilities	502.3 (Δ43.6)
		Net Assets	287.5			Net Assets	297.0 (+9.5)			Net Assets	315.6 (+18.6)
Total Assets	713.7	Total	713.7	Total Assets	842.9 (+129.2)	Total	842.9 (+129.2)	Total Assets	817.9 (Δ25.0)	Total	817.9 (Δ25.0)

Equity ratio	40.7%	Equity ratio	35.6 %	Equity ratio	38.8%
BPS	¥3,880.58	BPS	¥4,002.51	BPS	¥4,273.96
EPS	¥1,040.20	EPS	¥1,165.29	EPS	¥1,008.22

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Financial Review

Consolidated CF

Cash Flows highlights

Cash and cash equivalents
at the beginning of FY 19/3

213.7

Cash flows from
operating activities

6.2

Major breakdown items

- Net income before income tax (+¥109.2bn)
- Payment of income tax (Δ¥50.6bn)
- Increase of accounts receivable from completed construction contracts, etc. (Δ¥22.8bn)
- Increase of operating loans (Δ¥13.3bn)
- Decrease of provision of bonus (Δ¥17.0bn)

Cash flows from
investment activities

Δ32.2

Major breakdown items

- Acquisition of fixed assets (Δ¥21.6bn)
- Purchase of new software systems (Δ¥7.0bn)

Cash flows from
financing activities

Δ65.3

Major breakdown items

- Payment of dividends (Δ¥45.0bn)
- Acquisition of treasury stock (Δ¥13.2bn)
- Procurement and Repayment of long-term loans (Δ¥8.5bn)

Cash and cash equivalents
at the end of 3Q FY 19/3

122.2

(¥ bn)

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II. Key Figures

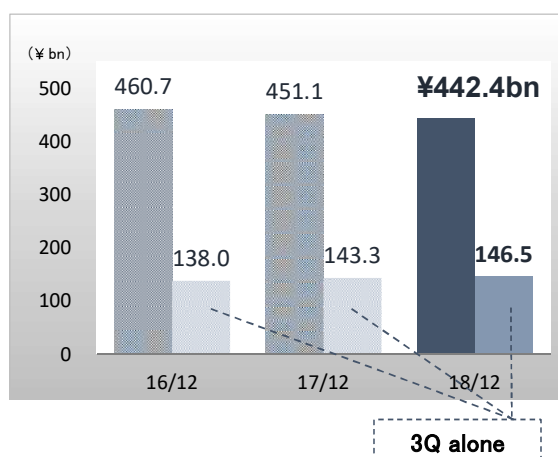
Orders received

Orders received
& orders in hand

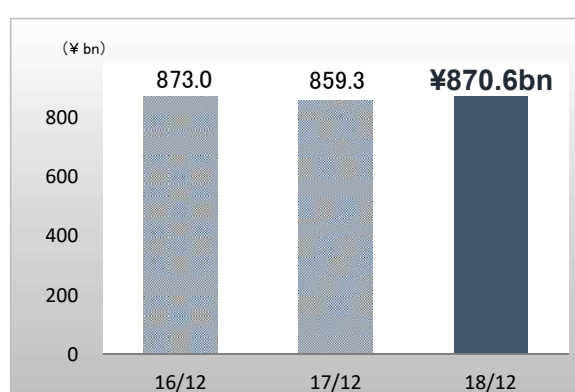
Transition of orders and
orders in hand (Year on Year)

◆Orders received (in 3Q alone)	¥442.4bn (△1.9% YoY) ¥146.5bn (+2.2% YoY)
◆Orders in hand	¥870.6bn (+1.3% YoY)

Orders received



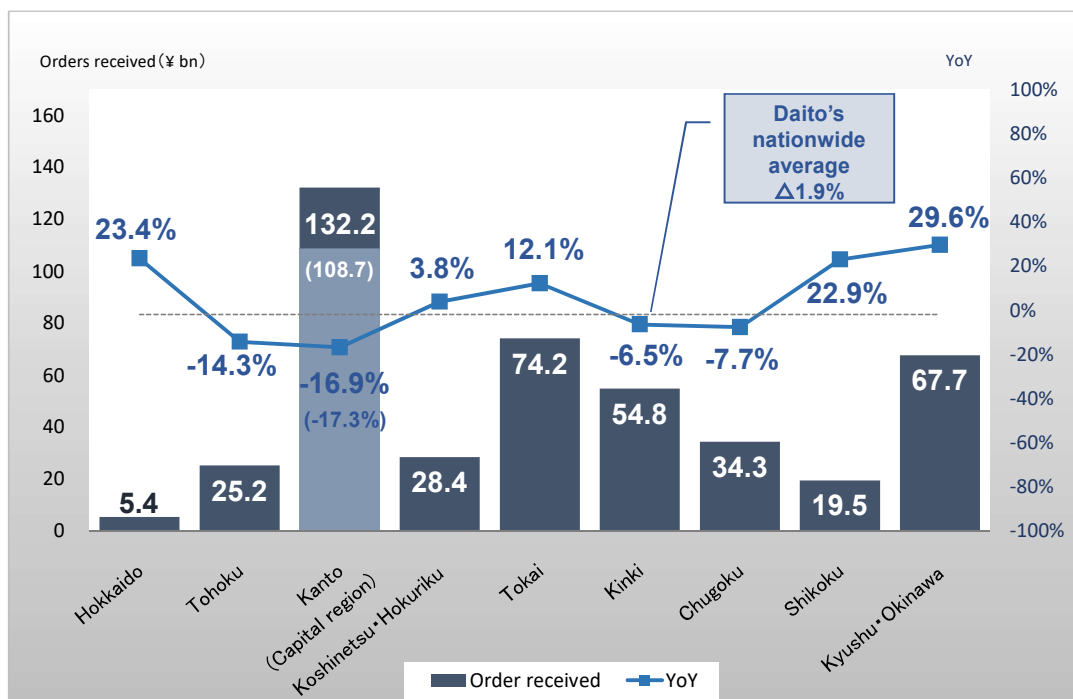
Orders in hand



Orders received

Orders received in each region

Orders received in each region



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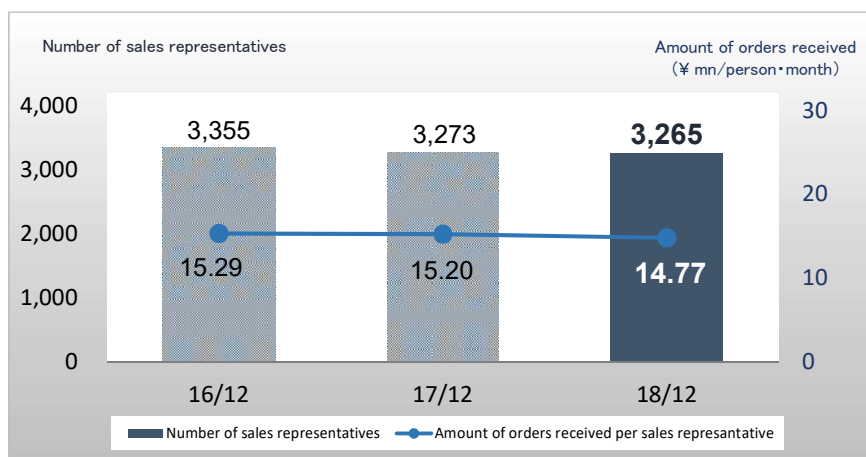
Item related to orders received

Efficiency in acceptable of order

Transition of number of sales representatives and amount of orders received per sales representative

◆ Number of sales representatives (End of Dec.) 3,265 ($\Delta 8$ YoY)
Accumulated number 29,955 (+197 YoY)

◆ Amount of orders received per sales representative
¥14.77mn/Month ($\Delta 0.43$ mn YoY)



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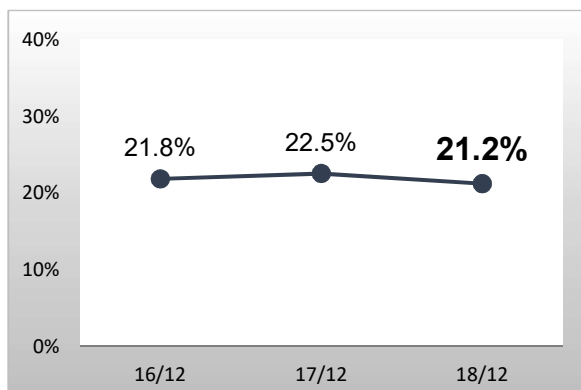
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Transition of mid-rise ratio and rebuild ratio

◆Mid-rise ratio 21.2% (Δ1.3p YoY)

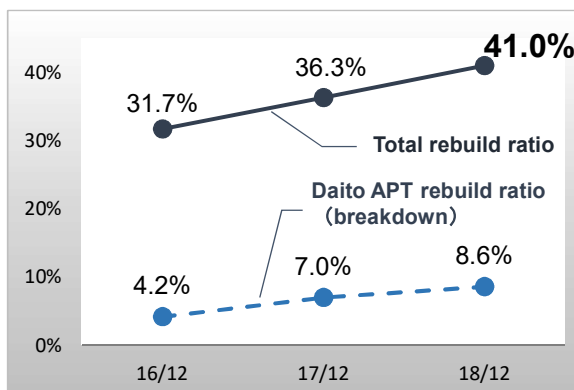
◆Rebuild ratio 41.0% (+4.7p YoY)

Mid-rise ratio ※1



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

Rebuild ratio※2



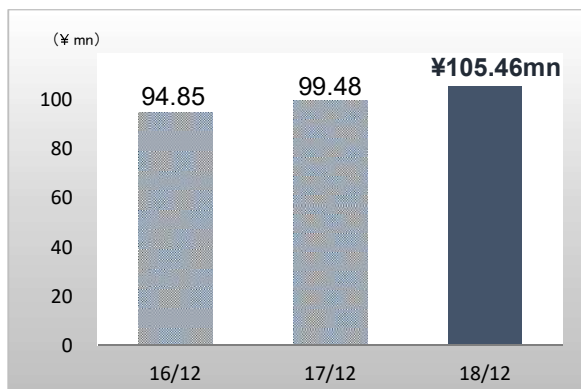
※2 Total rebuild ratio = The number of orders received for rebuilding APT / Total number of orders received
Daito APT rebuild ratio = The number of orders received for rebuilding APT built by Daito / Total number of orders received

Transition of Average price of orders received and Cancellation ratio

◆Average price of orders received ¥105.46mn (+5.98mn YoY)

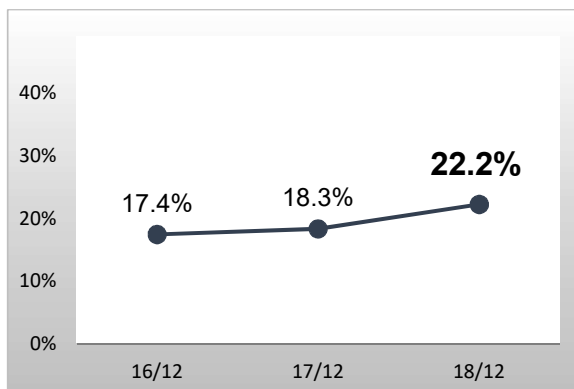
◆Cancellation ratio 22.2% (+3.9p YoY)

Average price of orders received ※1

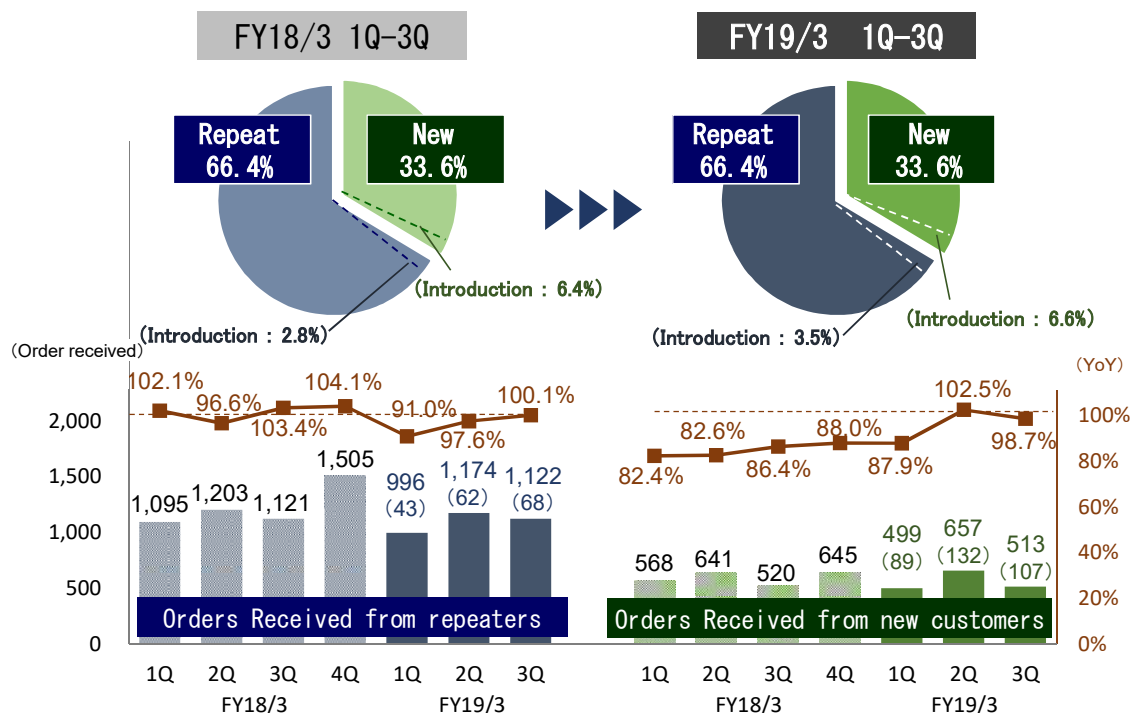


※1 Average price of orders received = Amount of new orders received / Number of orders received

Cancellation ratio ※2



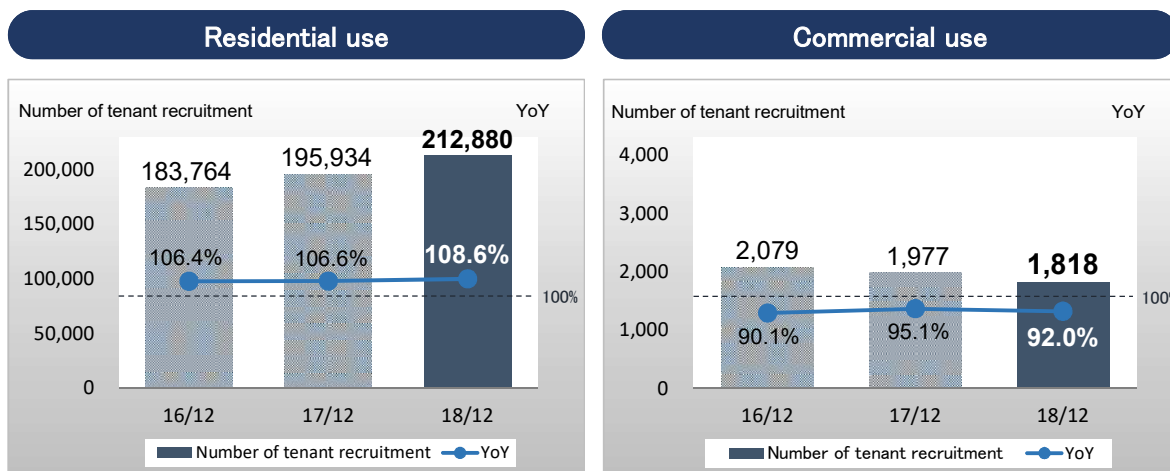
※2 Cancellation ratio = Amount of cancellation / Amount of new orders received
Orders received = Amount of new orders received - Amount of cancellation



◆Number of tenant recruitment 214,698 (+8.5% YoY)

●Residential use 212,880 (+8.6% YoY)

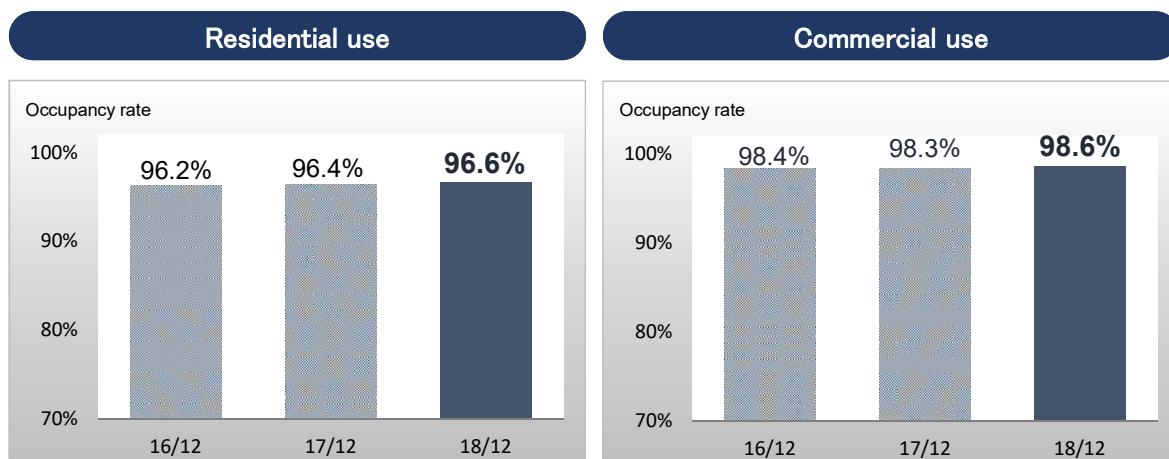
●Commercial use 1,818 (△8.0% YoY)



※Including the number of tenant recruitment for units managed by other companies

◆Residential use 96.6% (+0.2p YoY)

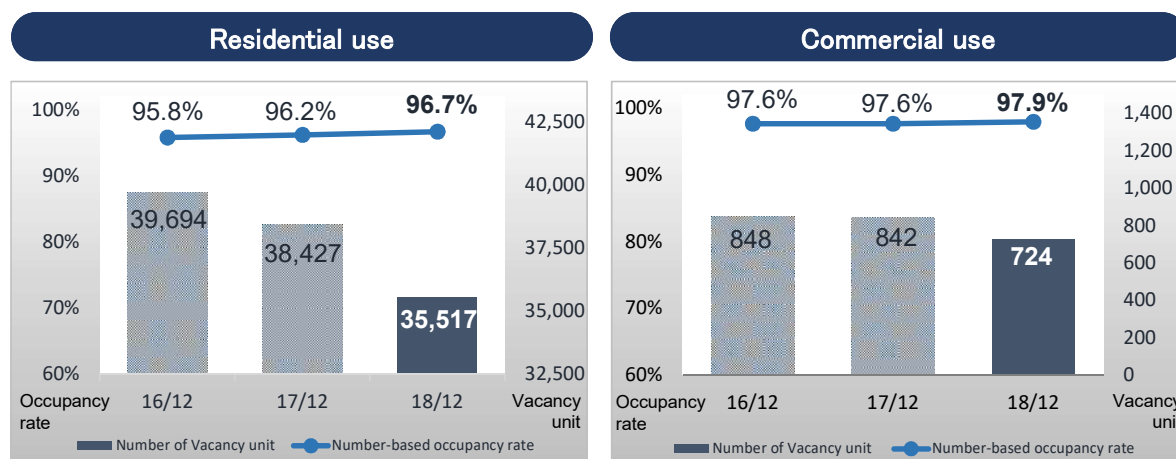
◆Commercial use 98.6% (+0.3p YoY)



Rent basis as occupancy rate = $100\% - \{(\text{Lease fee payment for vacant rental housing}) / (\text{Aggregate amount of rent} [\%])\}$

◆Residential use units 96.7% (+0.5p YoY)

◆Commercial use units 97.9% (+0.3p YoY)

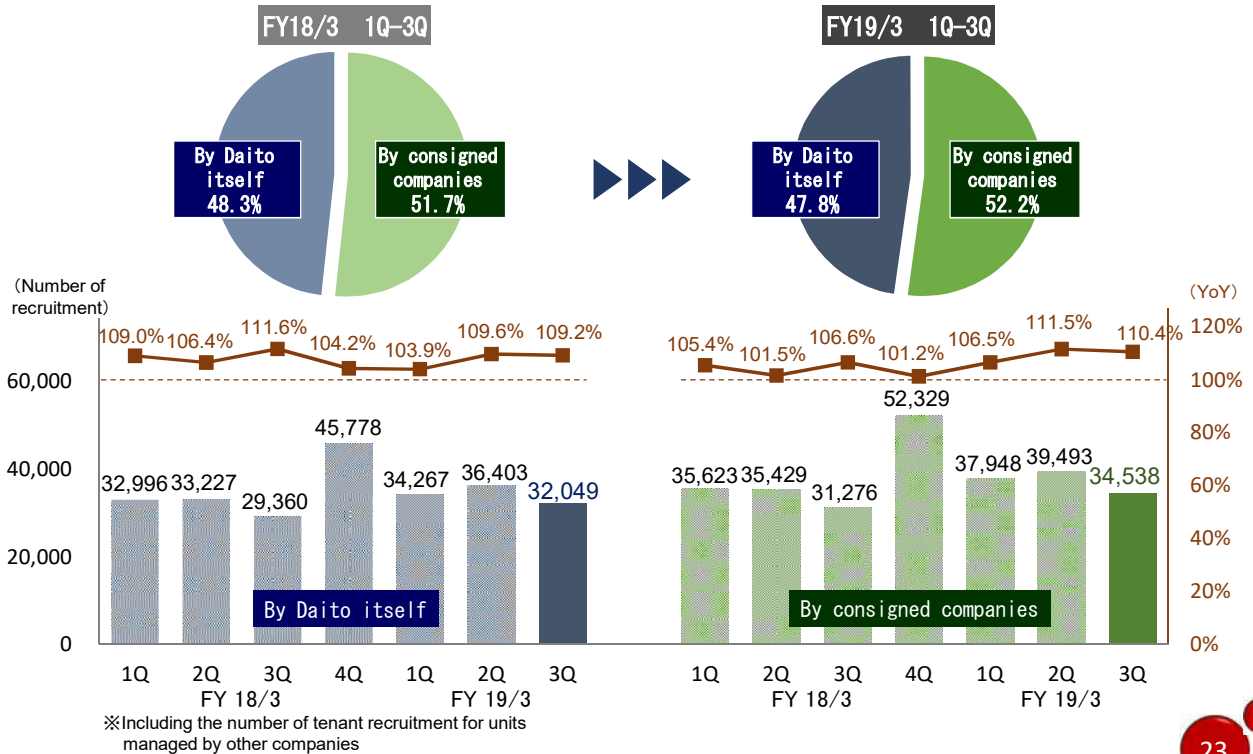


*Number-based occupancy rate = $(\text{Number of occupancy units}) / (\text{Number of units under management})$

Items related to
tenant recruitment

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

Number of
recruitment



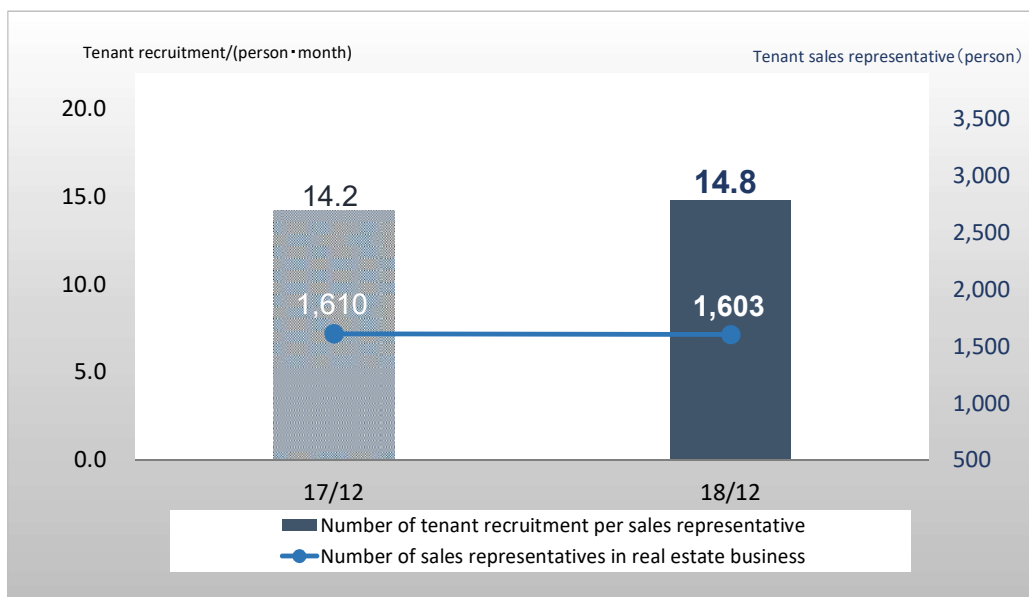
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Items related to
tenant recruitment

Transition of number of tenant recruitment per representatives

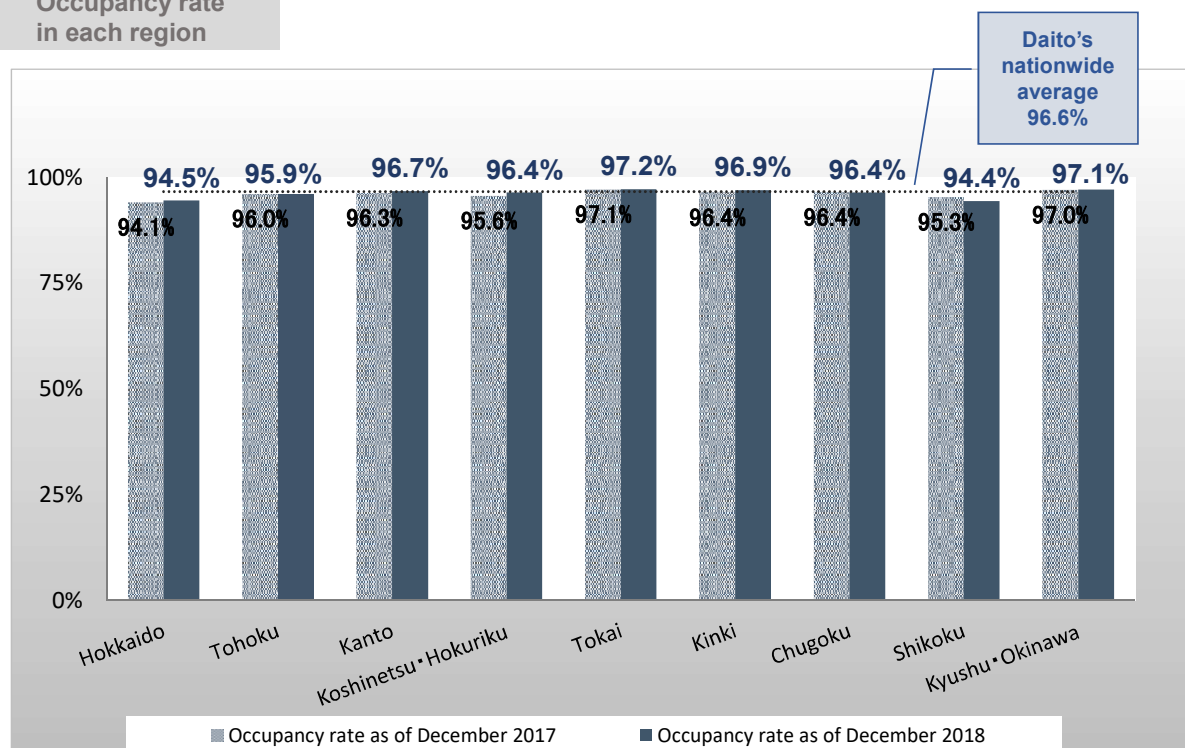
Efficiency of
tenant recruitment



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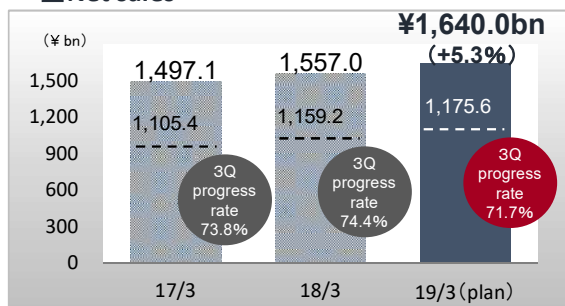
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Rent -based occupancy rate in each region (as of December : Residential use)

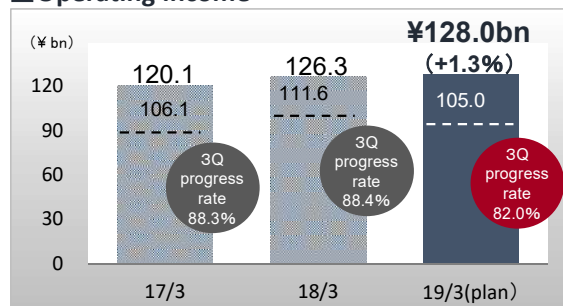


III. Financial Forecasts

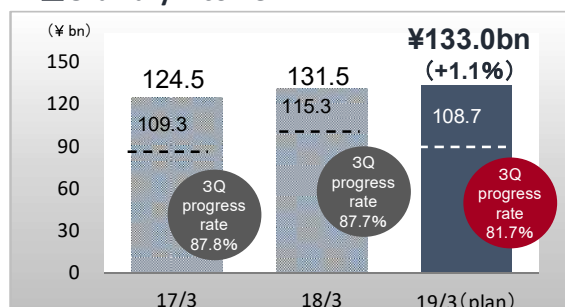
■ Net sales



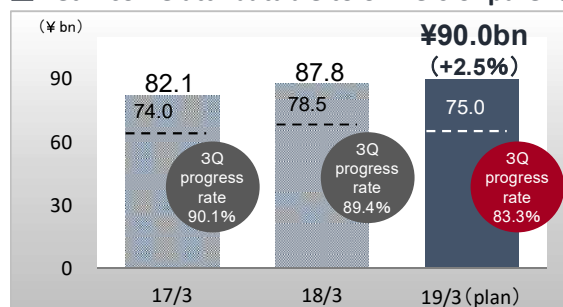
■ Operating income



■ Ordinary income

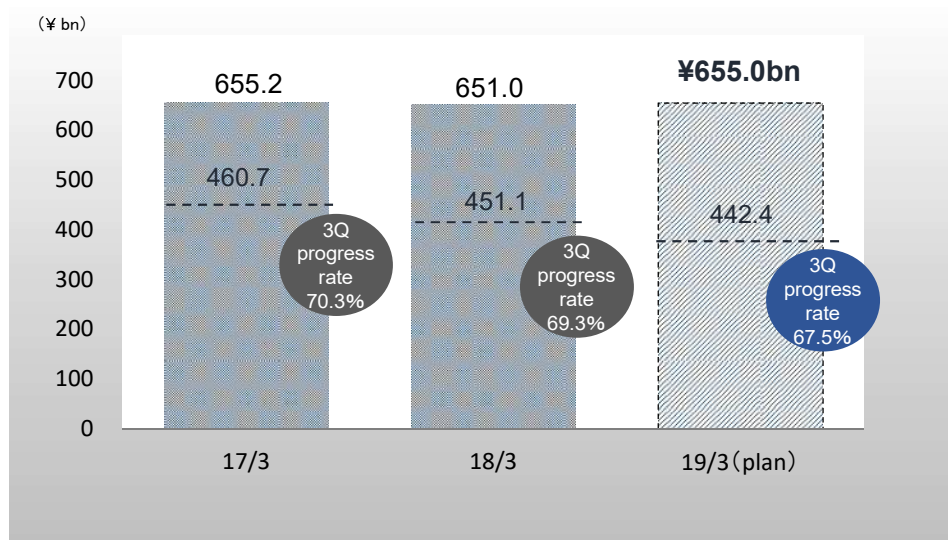


■ Net income attributable to owners of parent



◆ Plan of orders received

● Orders received <full-year> ¥655.0bn (+0.6% YoY)



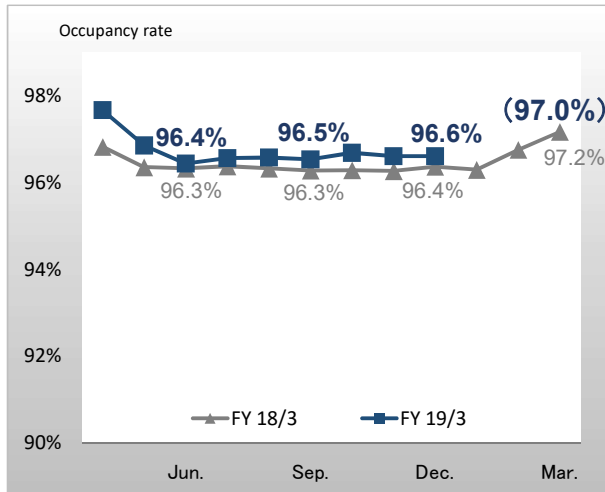
Full-year forecasts

Occupancy rate

Plan of rent-based occupancy rate

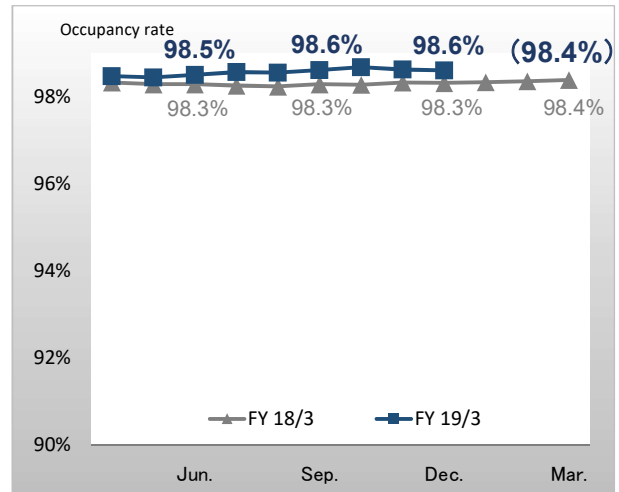
Occupancy rate of residential use units

Plan in 2019/3 **97.0%**



Occupancy rate of commercial use units

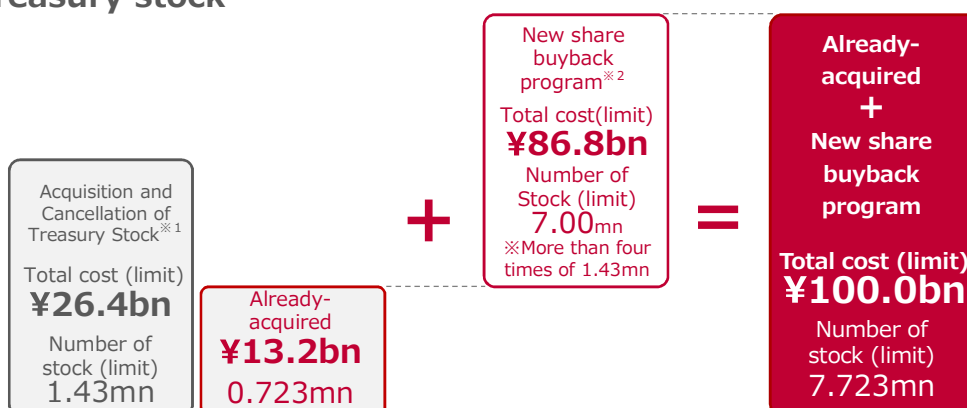
Plan in 2019/3 **98.4%**



IV. Topics

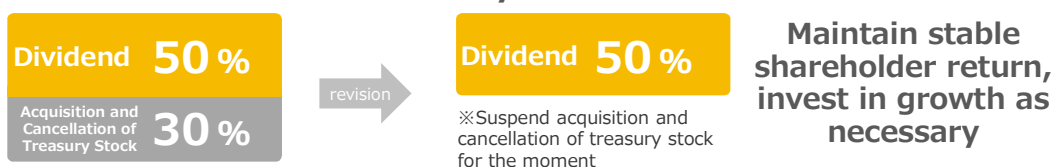
Acquisition and cancellation of treasury stock

■ Ratio against total issued shares outstanding 9.4%
■ R O E +3.0p (plan)



※1 ...authorized by the meeting of the Board of Directors held on April 23, 2018
※2 ...authorized by the meeting of the Board of Directors held on December 17, 2018

New Shareholder Return Policy



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ROOFLAG, Exhibition place of Future Rental Housing, is intended to be built in Shinonome, Tokyo in 2020

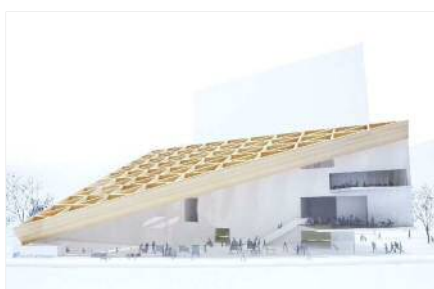


Image of the exterior



Image of the entrance

What is ROOFLAG?

The exhibition space specialized in rental housing, which provides an opportunity to experience future lifestyle. The triangle main roof, which reflects the image of a large flag, is made of CLT[※]. The material is energy-saving and resistant against earthquakes.

※CLT (Cross Laminated Timber): Thick panels created by gluing lumber perpendicularly against each layers fiber to increase strength.

Start of construction: October 2018
Completion (plan): February 2020



a scene of the groundbreaking ceremony

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V. Appendix

Appendix

Profit & Loss of each segment<FY 19/3>

《Construction business》 (¥ mn)					
	17/12	18/12	YoY	19/3 (plan)	YoY (plan)
Net sales	466,920	443,114	Δ5.1%	663,000	+5.6%
Gross profit	149,315	137,384	Δ8.0%	197,300	Δ0.1%
(Gross profit margin)	32.0%	31.0%	Δ1.0p	29.8%	Δ1.7p
Operating income	84,062	71,673	Δ14.7%	105,800	Δ3.1%
(Operating income margin)	18.0%	16.2%	Δ1.8p	16.0%	Δ1.4p

《Real estate business》 (¥ mn)					
	17/12	18/12	YoY	19/3 (plan)	YoY (plan)
Net sales	650,613	691,886	+6.3%	920,000	+5.6%
Gross profit	59,413	67,873	+14.2%	83,500	+5.6%
(Gross profit margin)	9.1%	9.8%	+0.7p	9.1%	±0.0p
Operating income	28,929	36,646	+26.7%	37,100	+11.0%
(Operating income margin)	4.4%	5.3%	+0.9p	4.0%	+0.2p

《Other businesses》 (¥ mn)					
	17/12	18/12	YoY	19/3 (plan)	YoY (plan)
Net sales	41,764	40,655	Δ2.7%	57,000	Δ1.7%
Gross profit	14,400	15,921	+10.6%	22,400	+9.5%
(Gross profit margin)	34.5%	39.2%	+4.7p	39.3%	+4.0p
Operating income	7,951	7,777	Δ2.2%	11,700	+7.5%
(Operating income margin)	19.0%	19.1%	+0.1p	20.5%	+1.7p

Non-consolidated Profit & Loss <FY19/3>

Daito Trust Construction

(¥ mn)

	17/12	18/12	YoY	Plan (full-year)
Net Sales	473,476	447,289	△5.5%	665,600
Construction	466,917	444,710	△4.8%	663,000
Real estate & Others	6,559	2,579	△60.7%	2,600
Gross profit	147,949	139,946	△5.4%	196,500
Construction	145,796	138,669	△4.9%	194,800
Real estate & Others	2,152	1,277	△40.7%	1,700
SG&A expenses	85,435	88,061	+3.1%	134,500
Operating income	62,513	51,884	△17.0%	62,000
Ordinary income	83,623	99,589	+19.1%	95,000
Net income	62,285	82,752	+32.9%	72,900

Profit & Loss of major subsidiaries (Construction) <FY19/3>

(¥ mn)

	Construction business							
	Daito Construction				Daito Steel			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	6,080	5,135	△15.5%	8,300	3,619	3,613	△0.2%	5,014
Gross profit	249	265	+6.5%	312	206	210	+1.8%	281
SG&A expenses	92	103	+11.7%	144	58	61	+3.9%	79
Operating income	156	161	+3.3%	168	148	149	+1.0%	202
Ordinary income	216	213	△1.0%	245	148	140	△5.2%	219
Net income	146	154	+5.3%	245	96	81	△15.9%	140

Sales structure of real estate business<FY19/3>

(¥ mn)

	16/12		17/12		18/12		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Whole-building leases※1	562,219	(91.5%)	594,518	(91.4%)	628,778	(90.9%)	+5.8%
Building and repairs	21,095	(3.4%)	21,368	(3.3%)	24,060	(3.5%)	+12.6%
Brokerage of real estate	11,737	(1.9%)	11,297	(1.7%)	12,789	(1.8%)	+13.2%
Rent guarantee business	7,045	(1.1%)	7,878	(1.2%)	9,372	(1.3%)	+19.0%
Electricity business	4,810	(0.8%)	5,904	(0.9%)	5,970	(0.9%)	+1.1%
Leasing business※2	4,707	(0.8%)	4,539	(0.7%)	4,806	(0.7%)	+5.9%
Others	2,778	(0.5%)	5,106	(0.8%)	6,108	(0.9%)	+19.6%
Total	614,394	(100.0%)	650,613	(100.0%)	691,886	(100.0%)	+6.3%

※1 Sub-lease contract in Lease Management Trust System by Daito Kentaku Partners

※2 Mainly Shinagawa East One Tower

Profit & Loss of major subsidiaries (Real estate-1) <FY19/3>

(¥ mn)

	Real estate business							
	Daito Kentaku Partners				Daito Kentaku Leasing			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	628,365	664,555	+5.8%	881,700	9,920	15,729	+58.5%	21,700
Gross profit	47,421	52,431	+10.6%	62,300	4,017	6,906	+71.9%	9,400
SG&A expenses	14,618	15,351	+5.0%	21,800	2,865	4,215	+47.1%	7,200
Operating income	32,802	37,080	+13.0%	40,500	1,152	2,690	+133.5%	2,200
Ordinary income	37,785	41,805	+10.6%	45,600	1,151	2,991	+159.8%	3,000
Net income	27,231	29,827	+9.5%	32,400	703	1,542	+119.1%	2,000

Profit & Loss of major subsidiaries (Real estate-2) <FY19/3>

(¥ mn)

	Real estate business							
	House Leave				Housecom			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	7,878	9,372	+19.0%	12,732	7,287	7,896	+8.4%	11,355
Gross profit	7,362	8,855	+20.3%	11,745	7,057	7,397	+4.8%	10,909
SG&A expenses	2,029	2,294	+13.0%	3,852	6,650	7,063	+6.2%	9,813
Operating income	5,332	6,561	+23.0%	7,893	407	334	△17.8%	1,096
Ordinary income	5,335	6,568	+23.1%	7,897	411	344	△16.3%	1,344
Net income	3,636	4,633	+27.4%	5,479	256	216	△15.5%	880

Profit & Loss of major subsidiaries (Financial business) <FY19/3>

(¥ mn)

	Financial business											
	Daito Finance				House Guard				D. T. C			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	1,149	1,333	+16.0%	1,322	1,712	2,002	+16.9%	2,829	2,491	2,396	△3.8%	3,359
Gross profit	900	1,162	+29.0%	1,148	804	882	+9.7%	1,323	1,001	726	△27.5%	1,351
SG&A expenses	120	161	+34.1%	179	624	715	+14.6%	1,072	12	12	△4.0%	15
Operating income	780	1,001	+28.2%	968	179	166	△7.4%	250	988	714	△27.8%	1,335
Ordinary income	780	1,001	+28.2%	969	179	166	△7.4%	250	799	714	△10.6%	1,335
Net income	539	692	+28.4%	672	148	217	47.0%	237	799	714	△10.6%	1,335

Profit & Loss of major subsidiaries (Other businesses-1) <FY19/3>

(¥ mn)

	Other businesses (Gas Supply Business・Care Business)							
	Gaspal				Care partner			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	16,868	18,216	+8.0%	27,231	8,808	9,272	+5.3%	11,736
Gross profit	7,140	8,026	+12.4%	11,873	1,182	1,169	△1.1%	1,173
SG&A expenses	4,783	5,010	+4.8%	7,032	680	751	+10.3%	1,023
Operating income	2,356	3,015	+28.0%	4,840	501	418	△16.7%	150
Ordinary income	2,194	2,752	+25.4%	4,425	502	409	△18.5%	150
Net income	1,528	1,837	+20.3%	3,070	315	296	△6.0%	103

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Profit & Loss of major subsidiaries (Other businesses-2) <FY19/3>

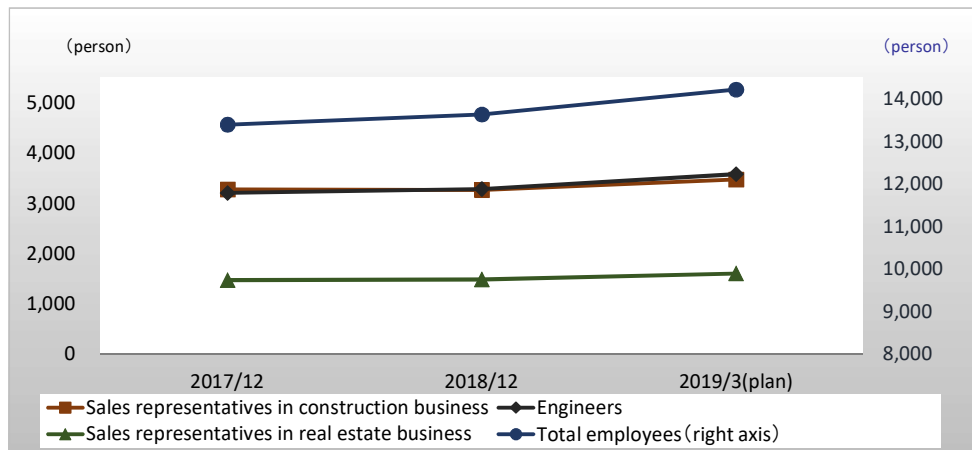
(¥ mn)

	Other businesses (Energy business・Foreign business)											
	Daito Energy				DAITO ASIA DEVELOPMENT (MALAYSIA) SDN. BHD.				DAITO ASIA DEVELOPMENT (MALAYSIA) II SDN. BHD.			
	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)	17/12	18/12	YoY	Plan (full-year)
Net sales	9,139	3,005	△67.1%	4,219	2,163	2,275	+5.2%	3,220	—	3,338	—	4,584
Gross profit	542	182	△66.4%	168	1,007	1,035	+2.7%	1,483	—	1,627	—	2,196
SG&A expenses	841	89	△89.4%	126	748	761	+1.8%	1,059	—	1,013	—	1,345
Operating income	△298	93	—	42	259	273	+5.4%	424	—	613	—	851
Ordinary income	△445	68	—	8	480	124	△74.0%	368	—	417	—	753
Net income	△446	57	—	8	480	67	△86.0%	341	—	330	—	609

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

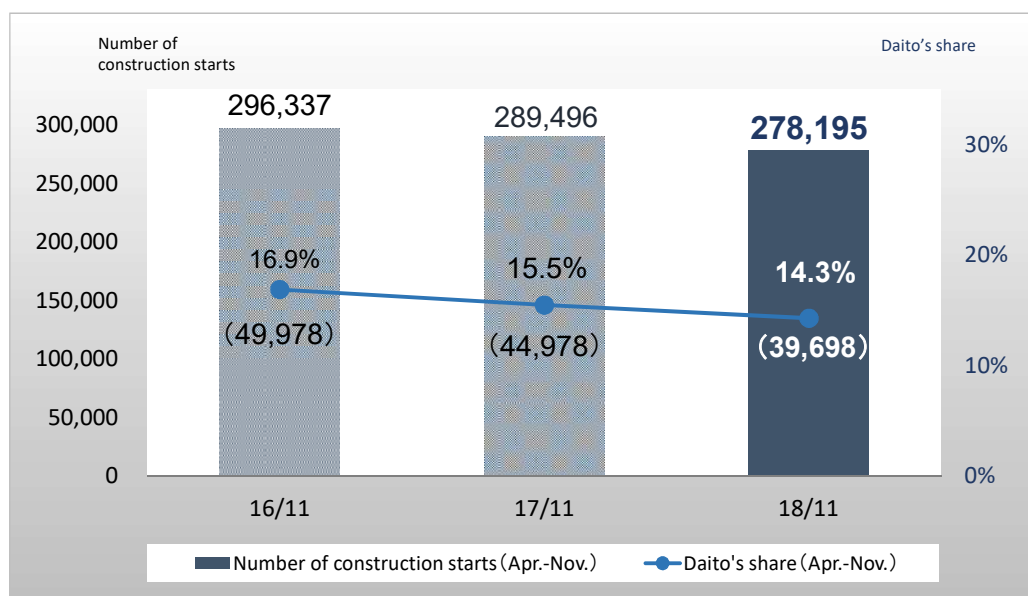


	2017/12	2018/12	(YoY)	2019/3(plan)
Total employees (3 main companies)	13,397	13,636	+239	14,220
Sales representative in construction business	3,273	3,265	△8	3,470
Engineers	3,204	3,281	+77	3,580
Sales representative in real estate business	1,466	1,482	+16	1,600

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

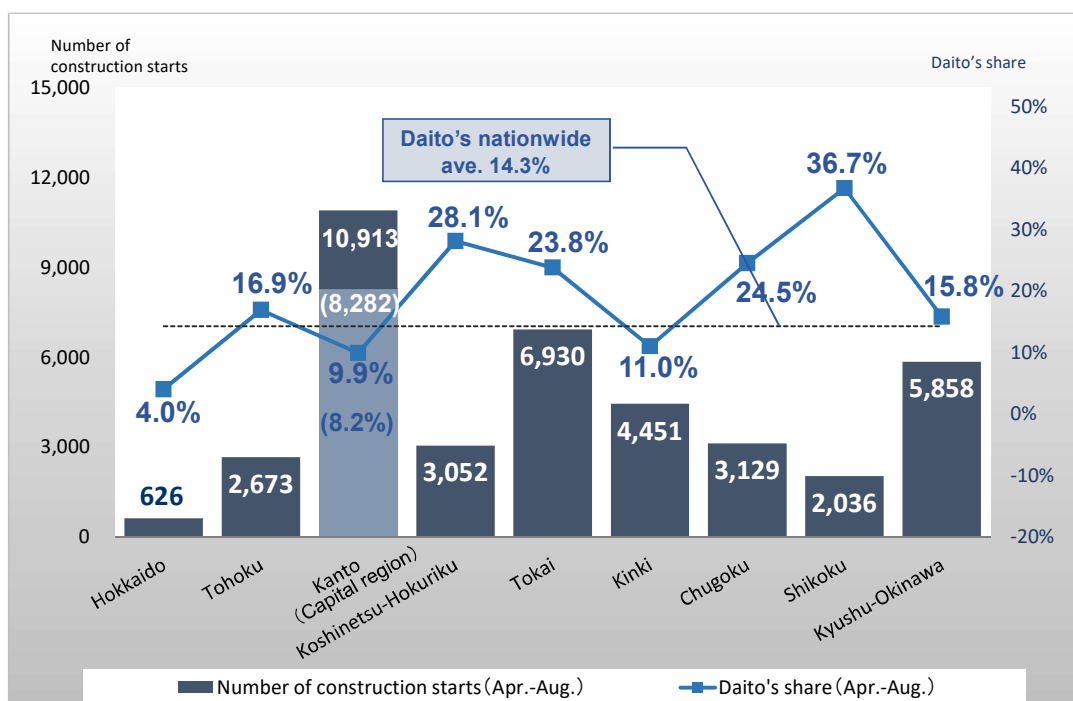


※Number of construction starts by Daito group
(Ministry of Land, Infrastructure, Transport and Tourism : "Housing Starts Statistics")

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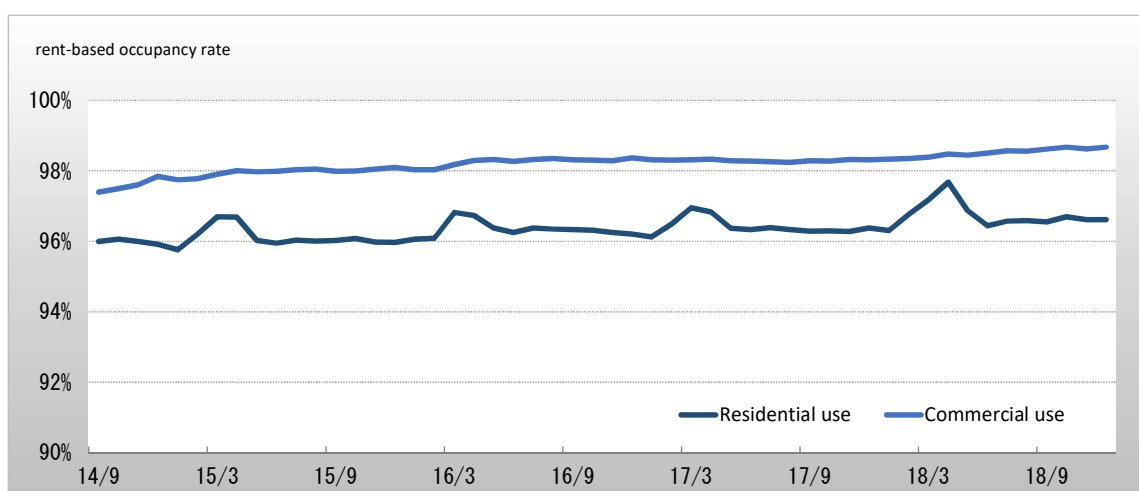
Number of construction starts by area & Daito's share



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Transition of rent-based occupancy rate



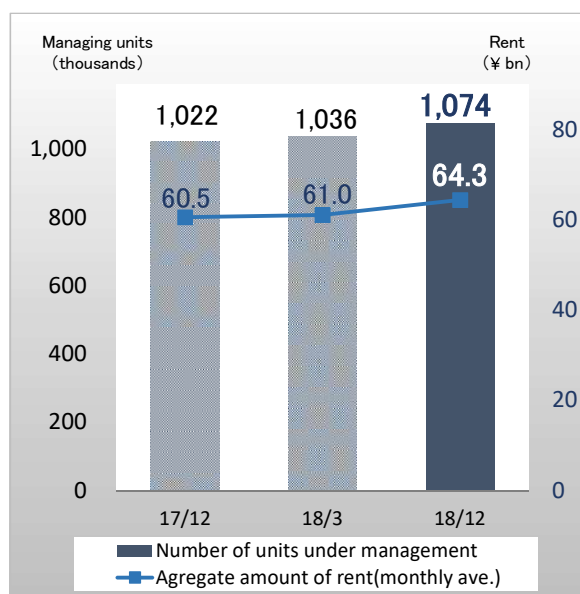
Rent-based occupancy rate	14/12	15/12	16/12	17/12	18/12	YoY
Residential use(%)	95.9%	96.0%	96.2%	96.4%	96.6%	+0.2p
Commercial use(%)	97.8%	98.1%	98.4%	98.3%	98.6%	+0.3p

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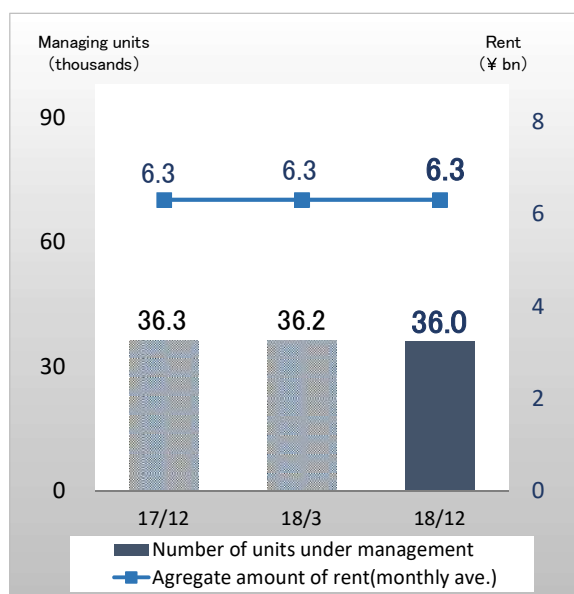
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Number of units under management & aggregate amount of rent

Residential use

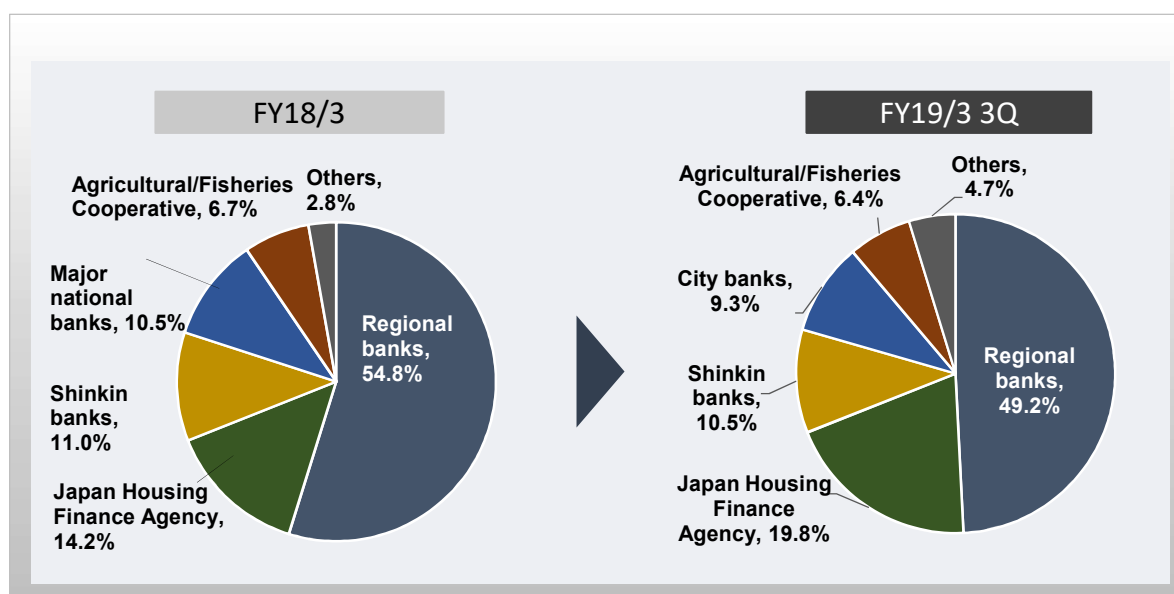


Commercial use



Customer's funds route

Resources of finance for construction (loan acceptance basis)



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