



DAITO TRUST CONSTRUCTION CO., LTD.

Report on Settlement of 1Q for FY ending in March 31, 2020

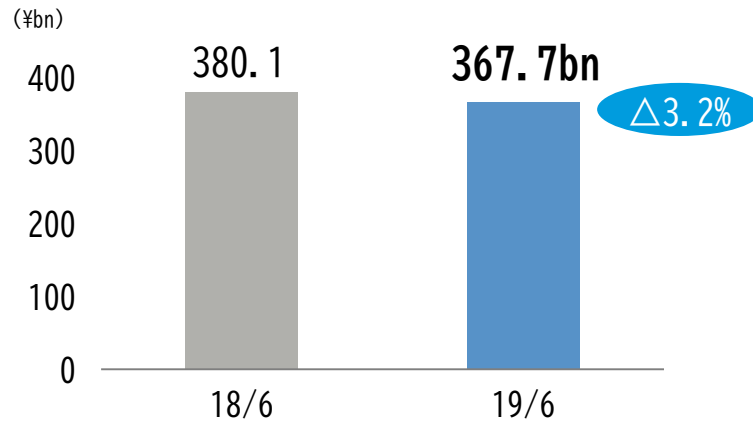
1Q Financial Highlights, Year ending March 31, 2020

I. Results in 1Q of FY ending in March 2020 . . .	3
II. Key Figures	13
III. Financial forecasts	22
IV. Topics	29
V. Appendix	34

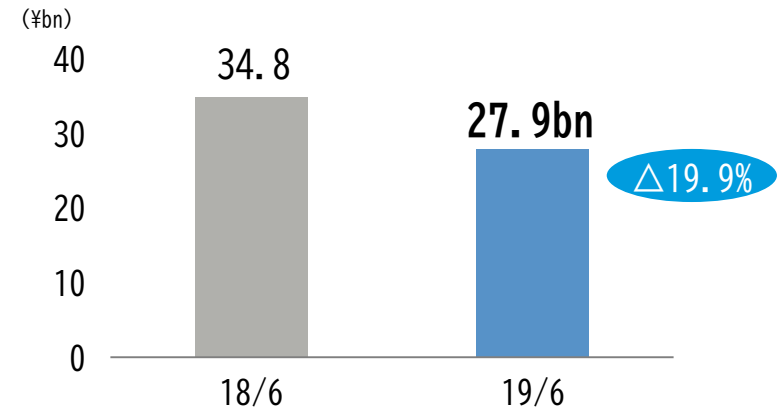
I. Results in 1Q FY ending in March 31, 2020

● : YoY

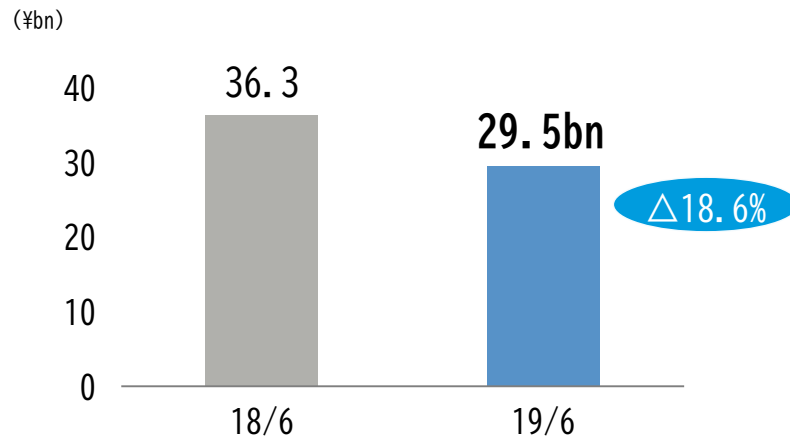
Net sales



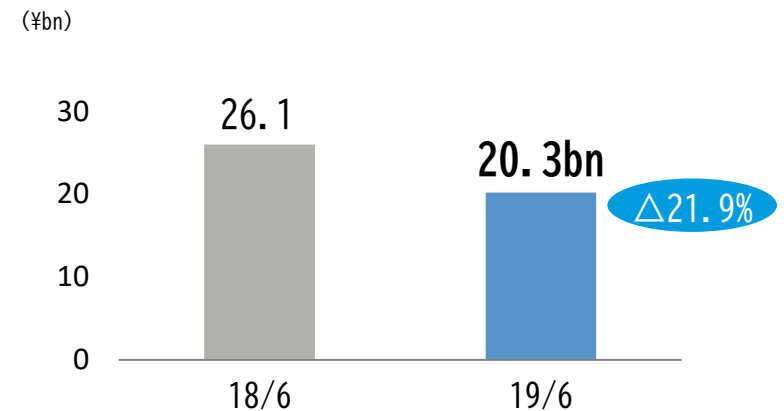
Operating income



Ordinary income



Net income attributable to owners of parent

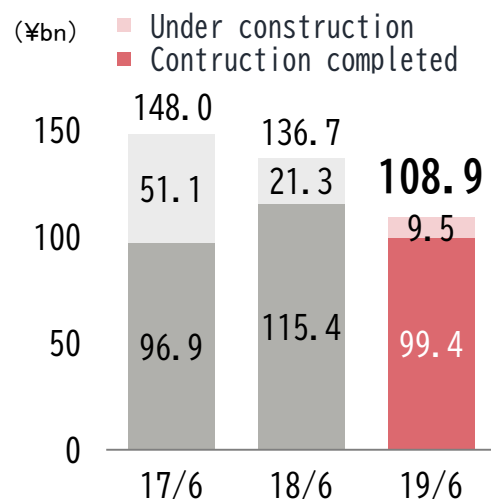


Profit & Loss by segment (Construction segment ①)

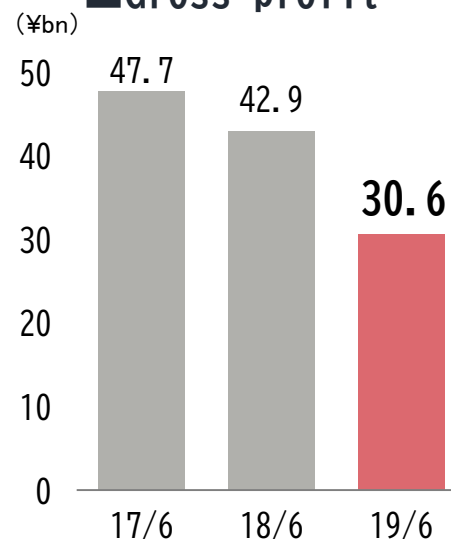
(¥bn)

	2018/6	2019/6	(YoY)
Net sales	136.7	108.9	(△20.3%)
Gross profit	42.9	30.6	(△28.7%)
Operating Income	22.3	11.7	(△47.3%)

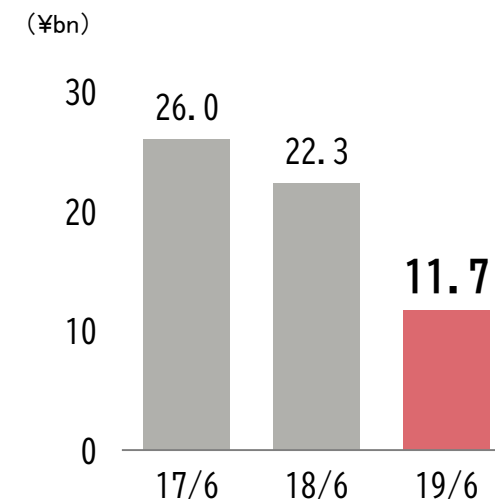
Net sales (Percentage of completion method)



Gross profit



Operating income

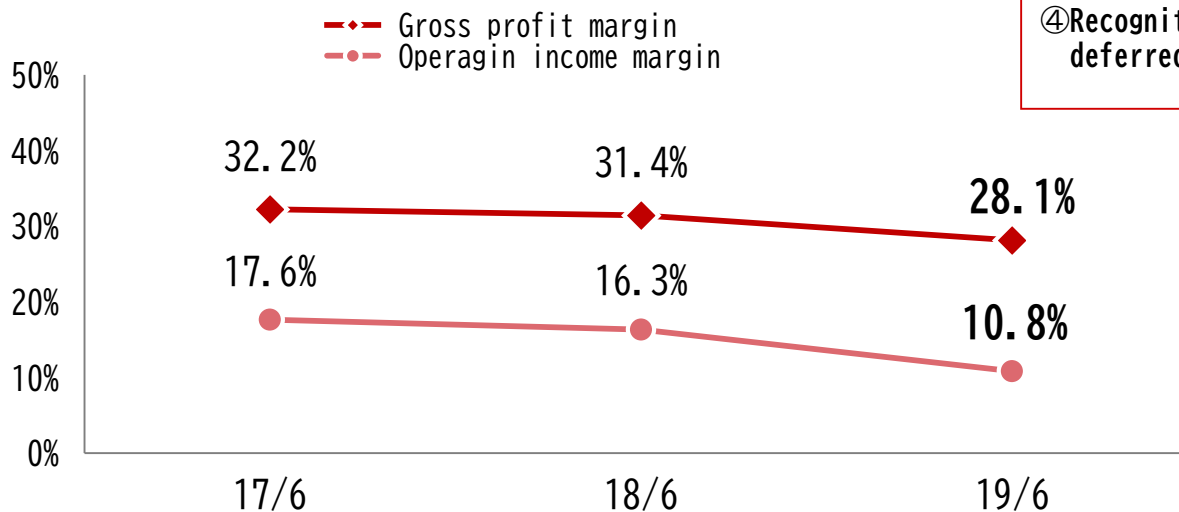


	2018/6	2019/6	(YoY)
Gross Profit Margin	31.4%	28.1%	(Δ 3.3p)
Operating income margin	16.3%	10.8%	(Δ 5.5p)

Major breakdown of the variance (Δ 3.3p)

① Labor cost	Δ 1.6p
② Material cost	Δ 0.3p
③ Exchange	Δ 1.0p
④ Recognition of deferred income	Δ 0.4p

■ Gross profit margin • Operating income margin



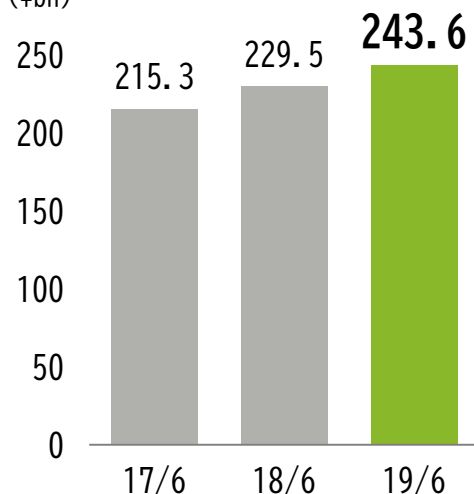
Profit & Loss by segment (Real Estate business①)

(¥bn)

	2018/6	2019/6	(YoY)
Gross profit margin	229.5	243.6	(+6.1%)
Gross profit	23.7	27.1	(+14.3%)
Operating income	13.4	17.3	(+28.7%)

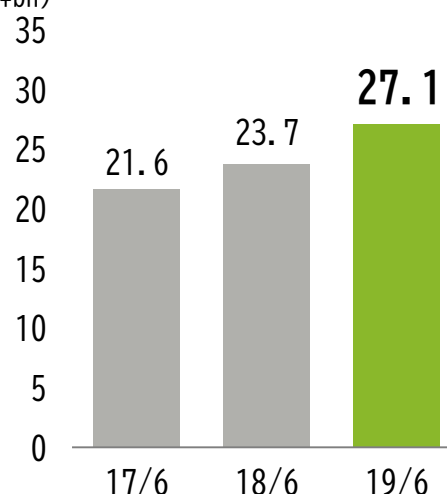
■ Net sales

(¥bn)



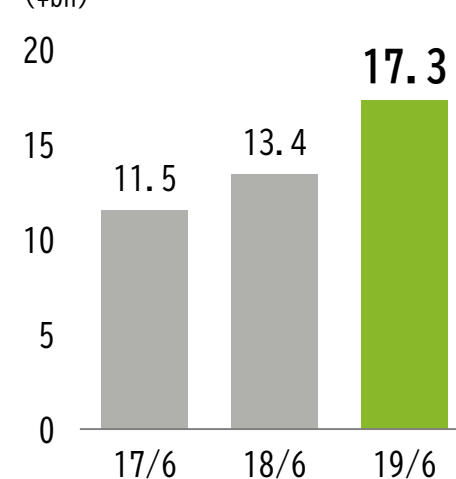
■ Gross profit

(¥bn)



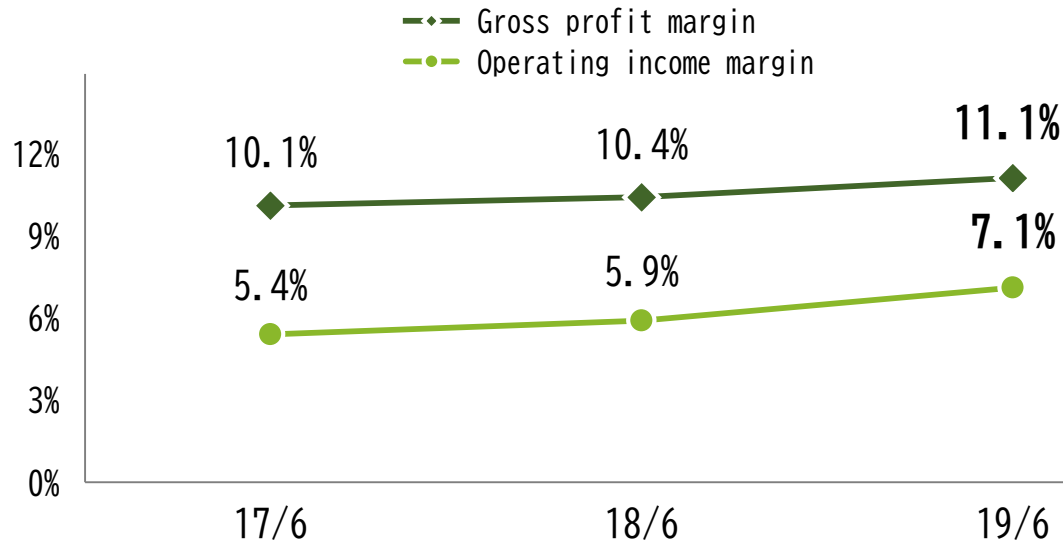
■ Operating income

(¥bn)



	2018/6	2019/6	(YoY)
Gross profit margin	10.4%	11.1%	(+0.7p)
Operating income Margin	5.9%	7.1%	(+1.2p)

■ Gross profit margin ・ Operating income margin



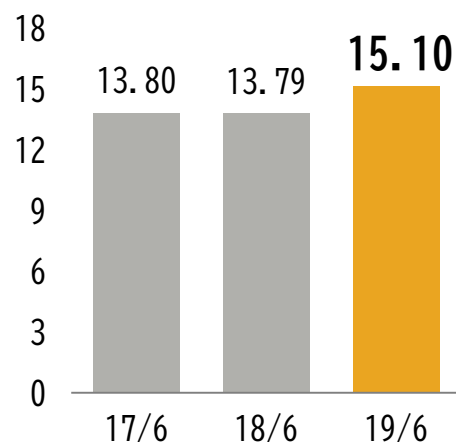
Profit & Loss by segment (Other businesses)

(¥bn)

	2018/6	2019/6	(YoY)
Net sales	13.79	15.10	(+9.4%)
Gross profit	5.81	6.30	(+8.5%)
Operating income	3.10	3.38	(+9.1%)

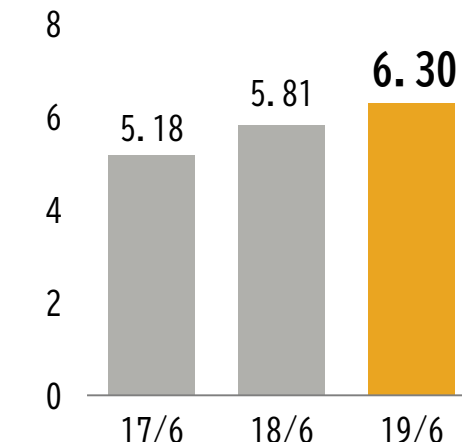
■ Net sales

(¥bn)



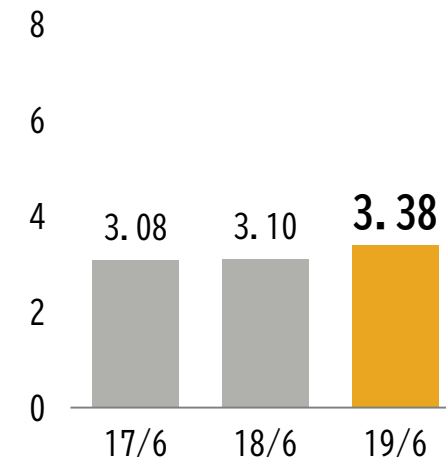
■ Gross profit

(¥bn)



■ Operating income

(¥bn)

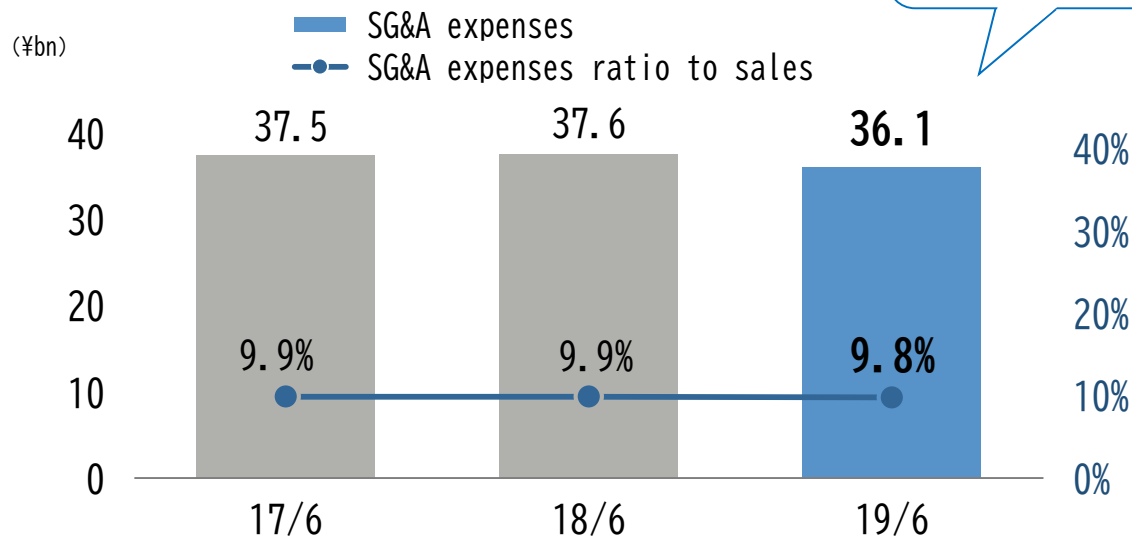


(¥bn)

	2018/6	2019/6	(YoY)
SG&A expenses	37.6	36.1	(△4.0%)
SG&A expenses ratio to sales	9.9%	9.8%	[△0.1p]

[] : Difference from same period in previous year

■ SG&A expenses · SG&A expenses ratio to sales

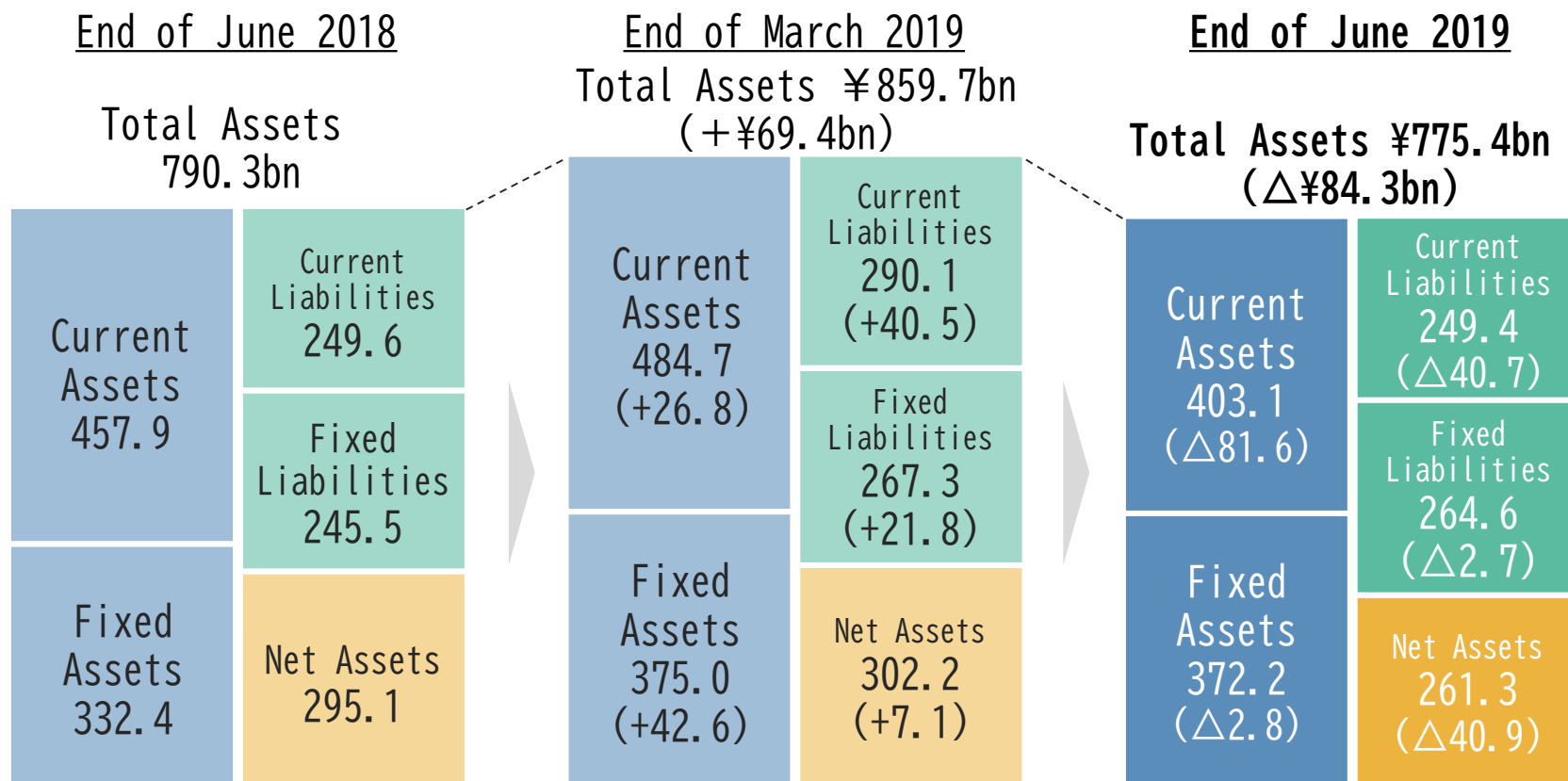


Major breakdown of the variance (△¥1.5bn)

- ① Labor cost △¥1.25bn
- ② Advertising & general publicity expenses △¥0.40bn
- ③ Other expenses +¥0.15bn

11 Financial Review (Consolidated BS)

(¥bn)

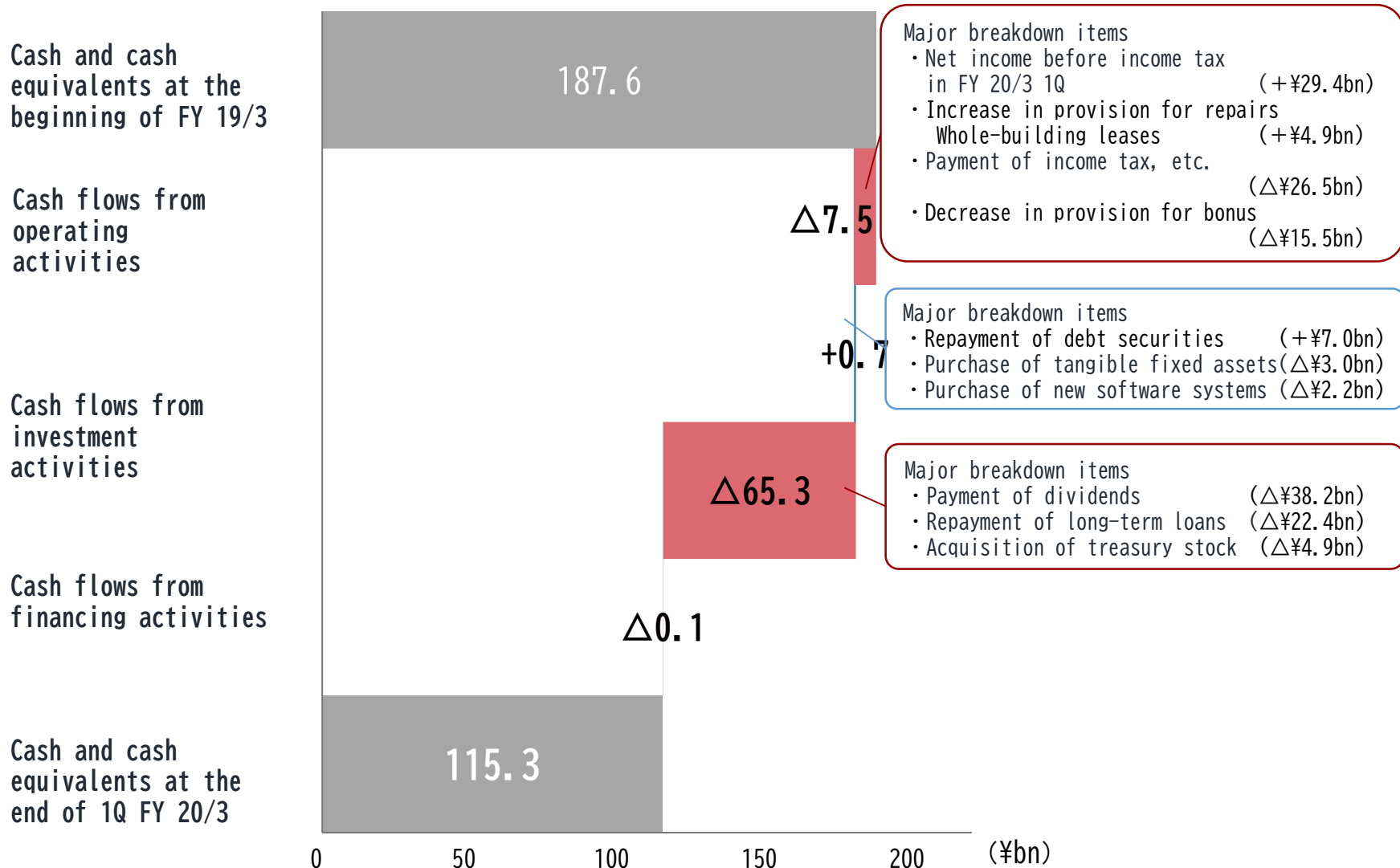


Equity ratio	37.6%
BPS	¥3,983.86
EPS	¥348.70

Equity ratio	35.3%
BPS	¥4,191.58
EPS	¥1,212.20

Equity ratio	33.8%
BPS	¥3,754.61
EPS	¥286.20

12 Financial Review (Consolidated CF)

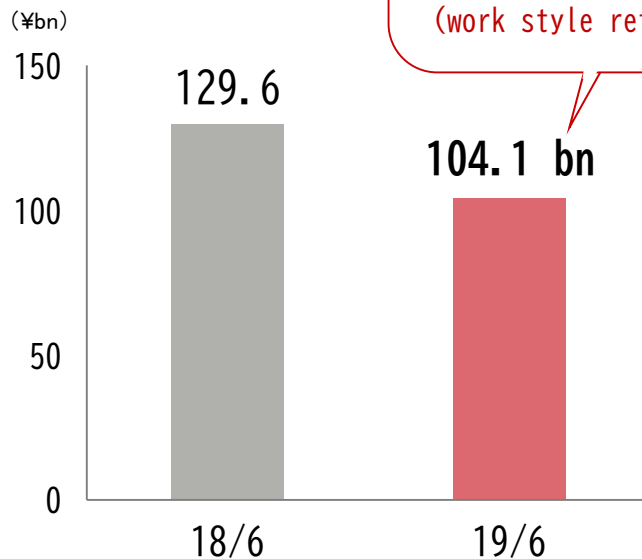


II. Key Figures

◆ Orders received ¥104.1bn (△19.6% YoY)

◆ Orders in hand ¥877.6bn (△0.2% YoY)

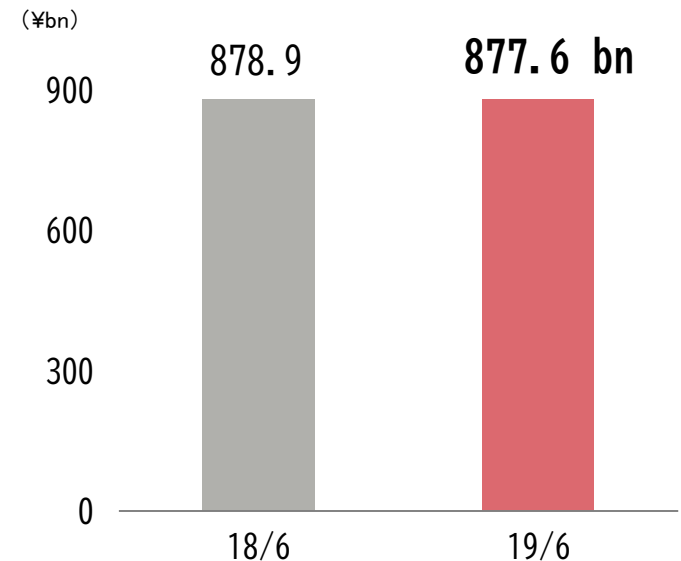
■ Orders received



Main cause of decrease in order

- The reaction to the consumption tax hike
- Financing tighter
- negative press
- Decreased working hours (work style reforms)

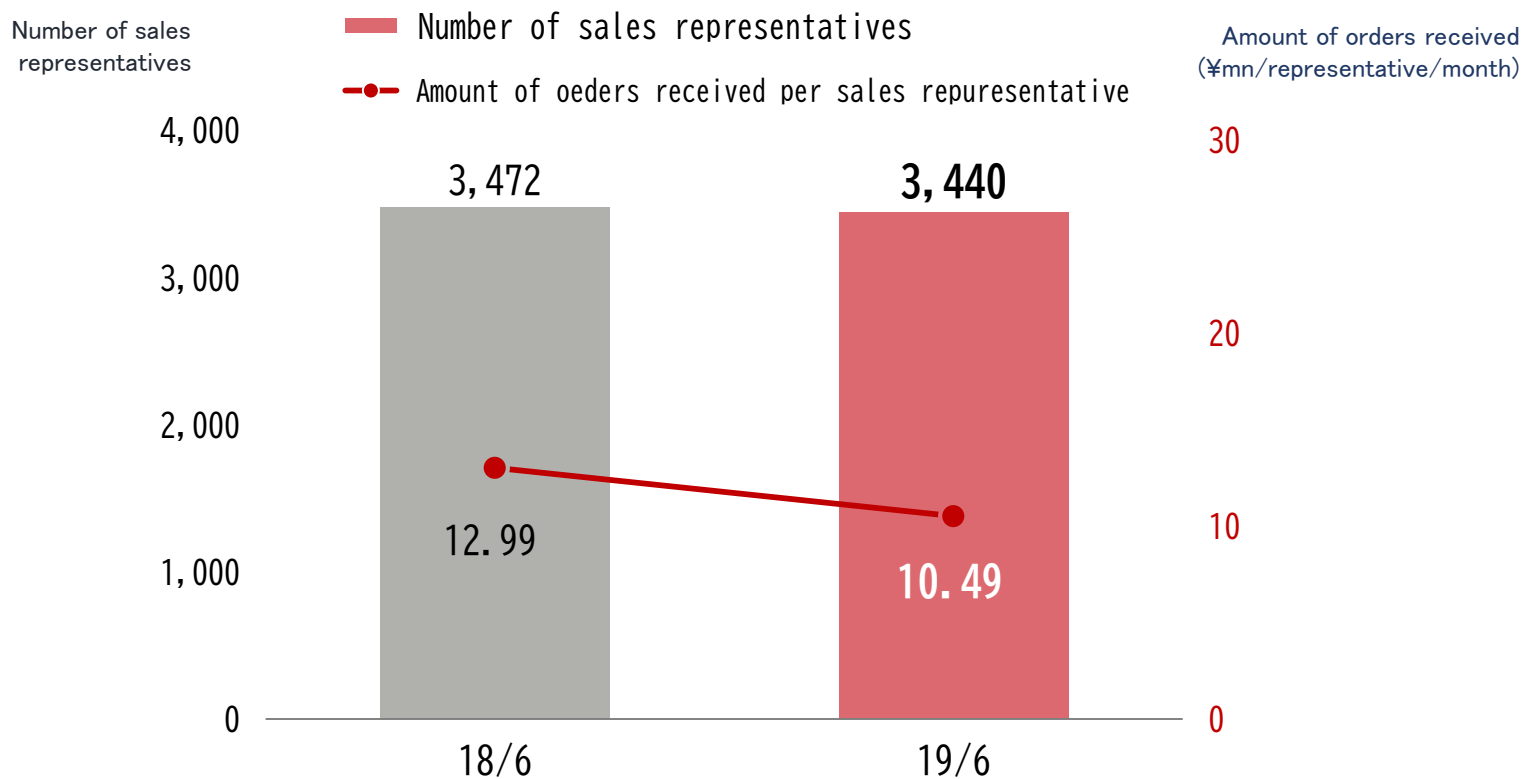
■ Orders in hand



◆ Number of sales representatives <end of Jun.> 3,440 ($\Delta 32$ YoY)

◆ Amount of orders received per sales representative

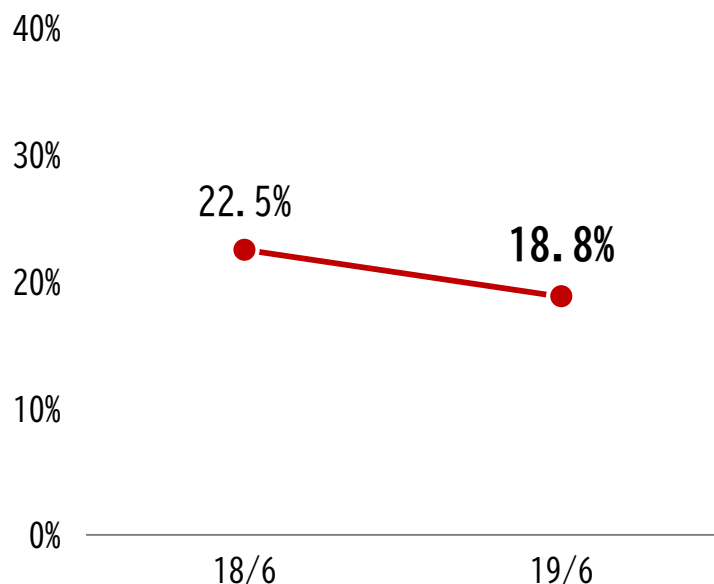
¥10.49mn/month ($\Delta ¥2.5$ mn YoY)



◆ Mid-rise ratio 18.8% ($\Delta 3.7\text{p}$ YoY)

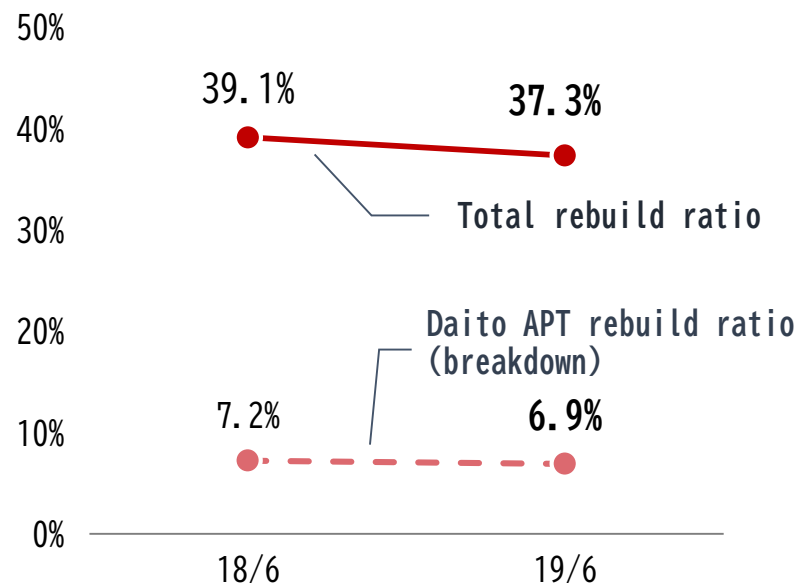
◆ Rebuild ratio 37.3% ($\Delta 1.8\text{p}$ YoY)

■ Mid-rise ratio※1



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

■ Rebuild ratio※2



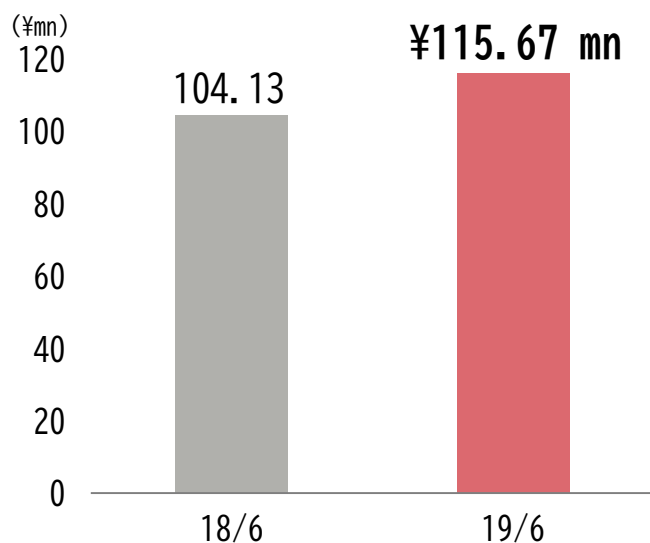
※2 Total rebuild ratio = Number of orders received for rebuilding APT / Total number of orders received

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

Average price of order received **¥115.67mn (+¥11.54mn YoY)**

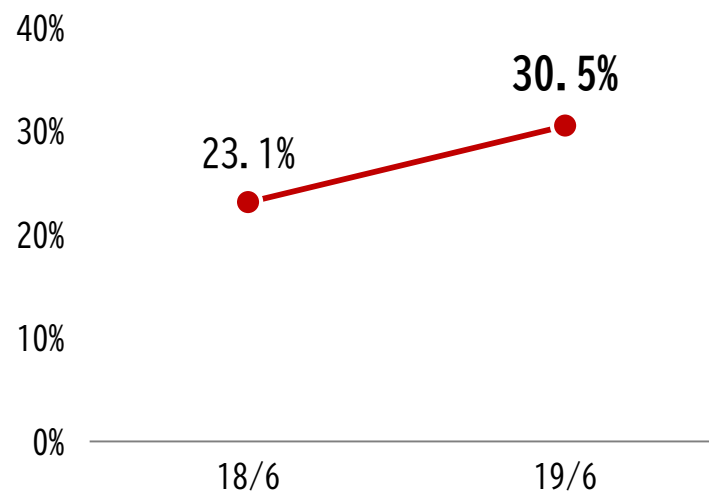
Cancellation ratio **30.5% (+7.4p YoY)**

■ Average price of orders received^{※1}



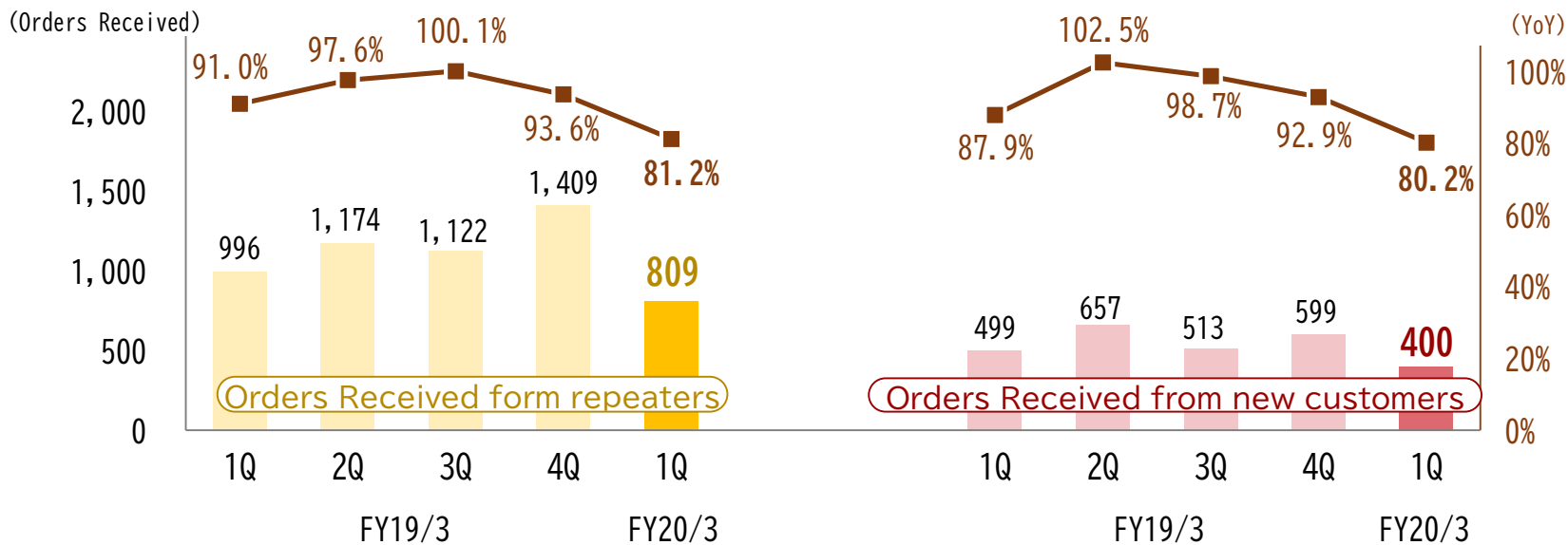
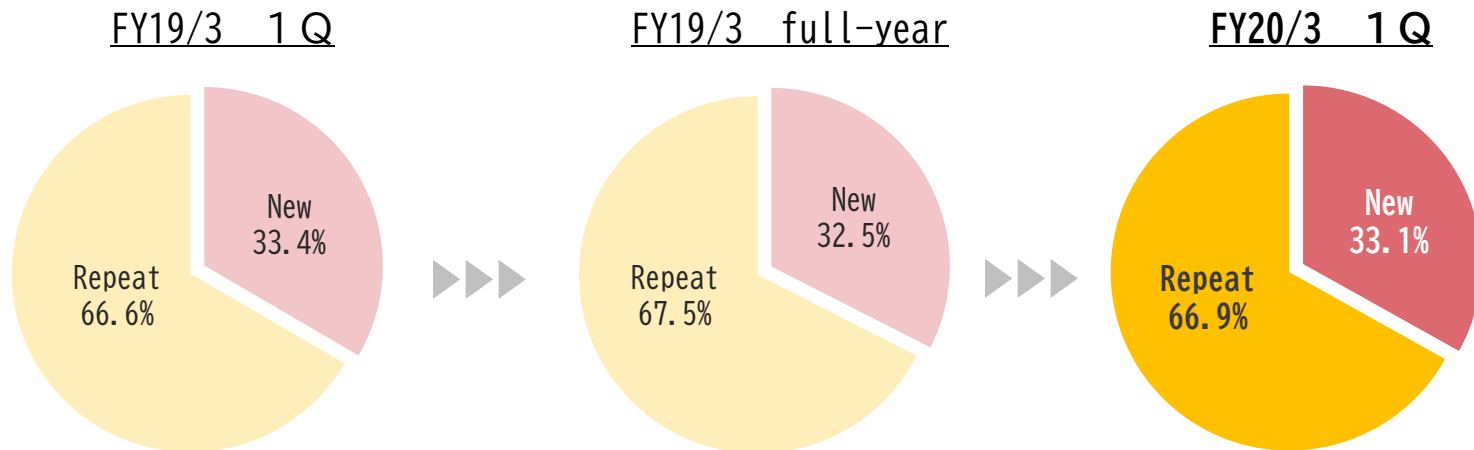
※1 Average price of order received =
Amount of new orders received / Number of orders received

■ Cancellation ratio^{※2}



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

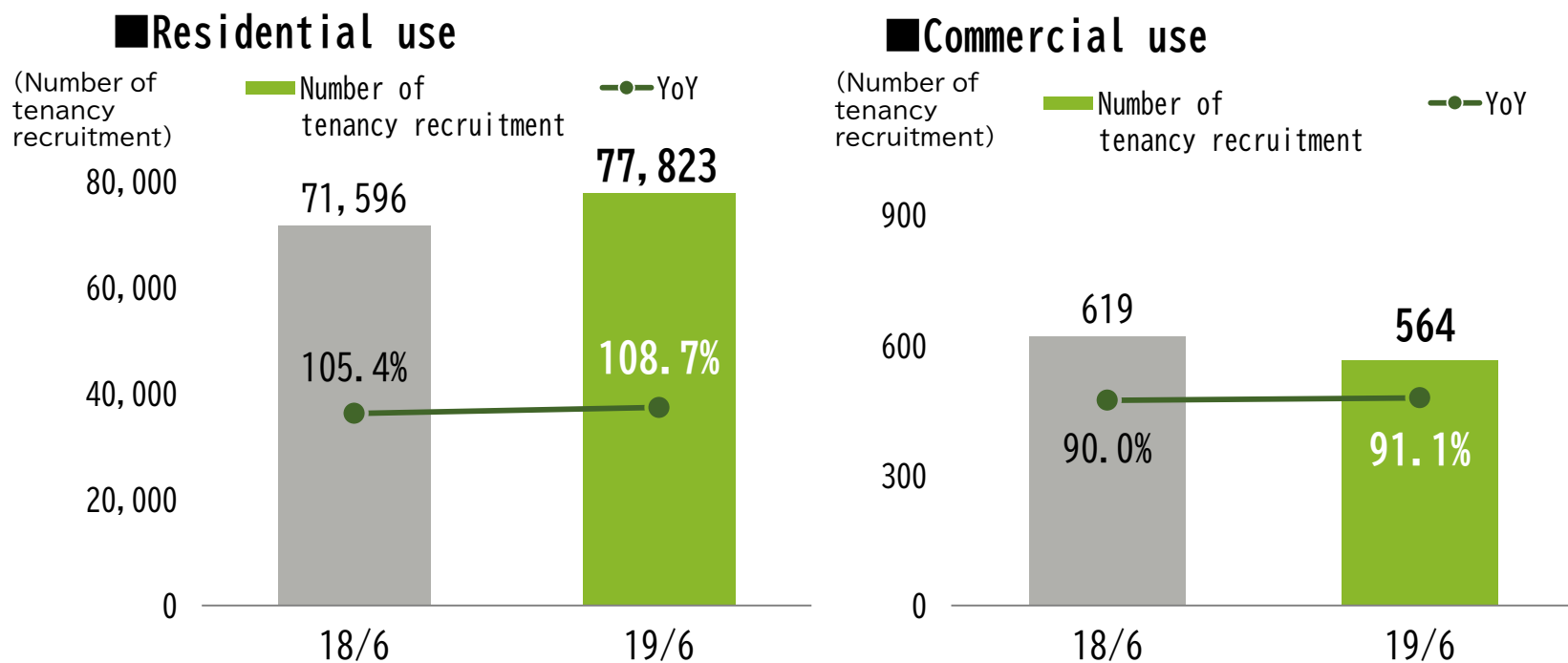
Orders received (Number of orders received & their channels)



Number of tenancy recruitment 78,387 (+8.5% YoY)

Residential use 77,823 (+8.7% YoY)

Commercial use 564 (△8.9% YoY)

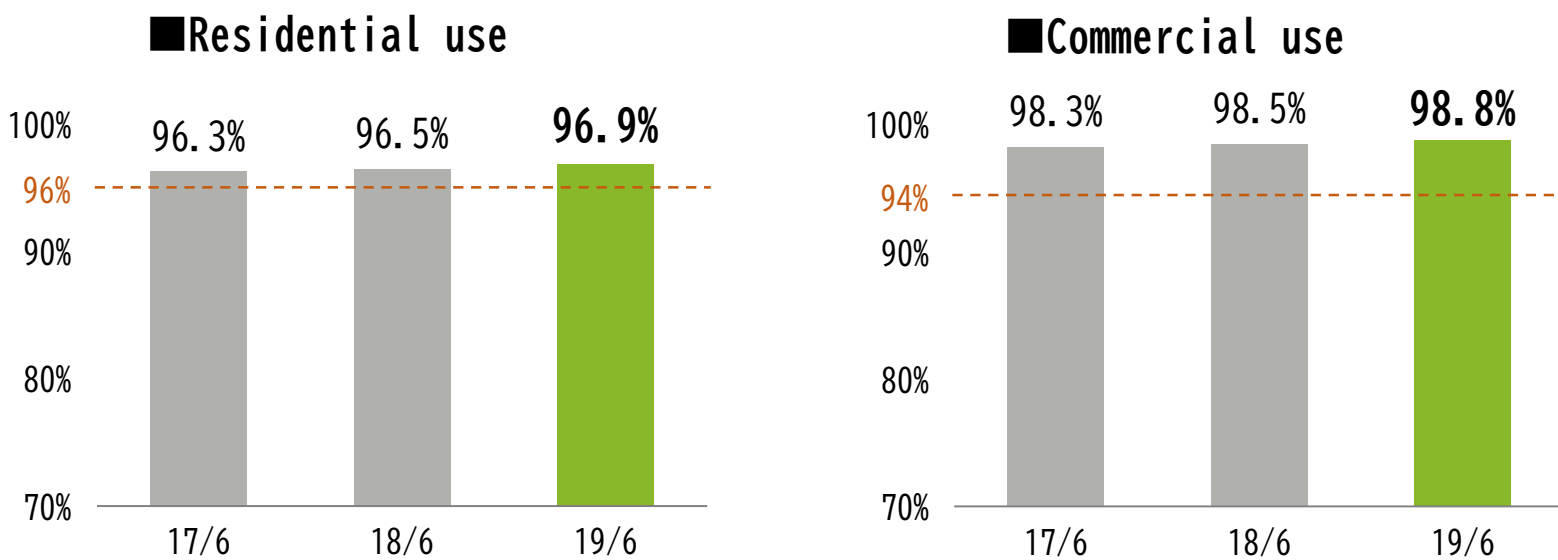


※Including the number of tenant recruitment for units managed by other companies

Continuously maintains sound level of occupancy
(residential use : 96% · commercial use : 94%)

Residential use 96.9% (+0.4p YoY)

Commercial use 98.8% (+0.3p YoY)

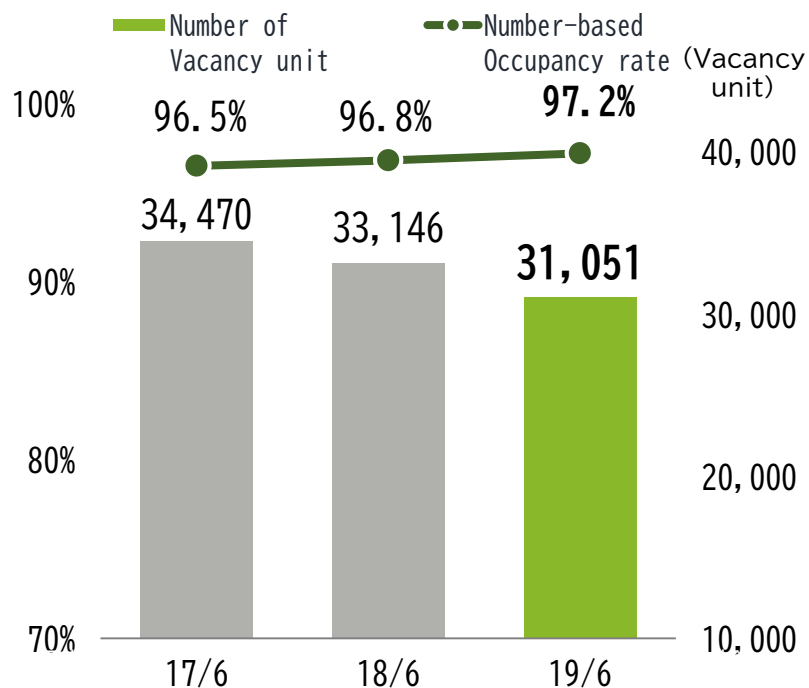


Rent-based as occupancy rate = 100% - (Lease fee payment for vacant units / Aggregate amount of rent [%])

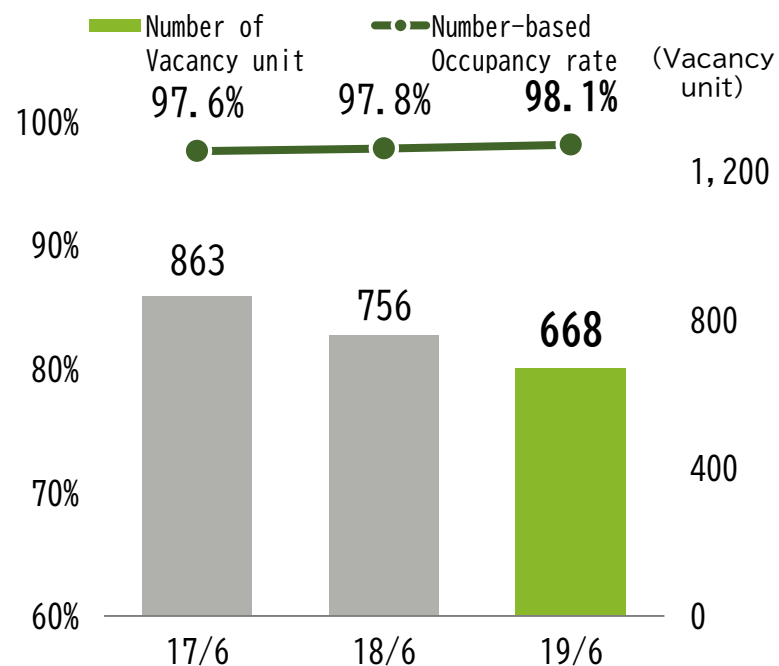
Residential use units 97.2% (+0.4p YoY)

Commercial use units 98.1% (+0.3p YoY)

Residential use



Commercial use

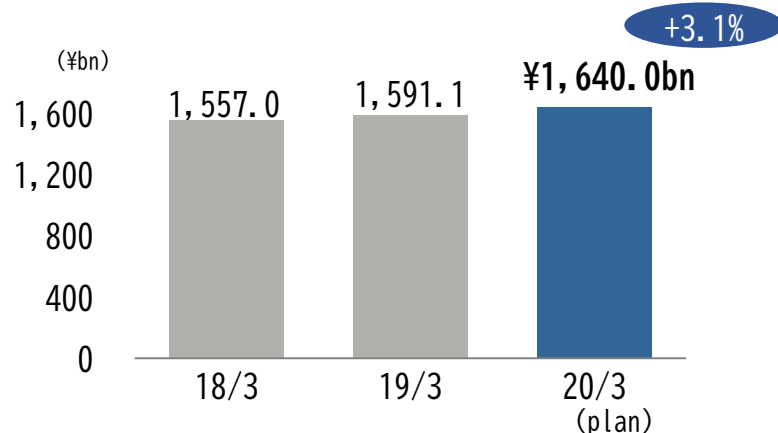


※Number-based occupancy rate = (Number of occupancy units) / (Number of units under management)

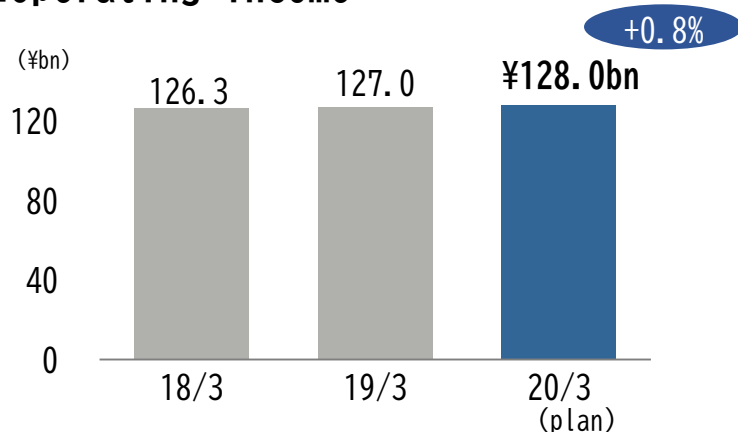
III. Financial Forecasts

There is no change from the forecast at the beginning of this FY

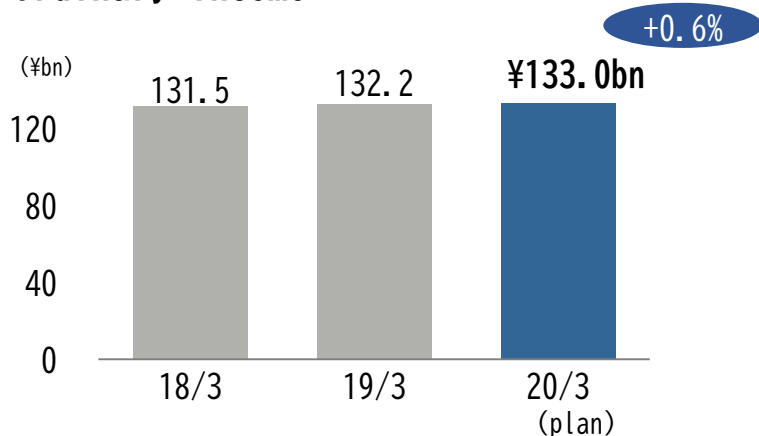
■ Net sales



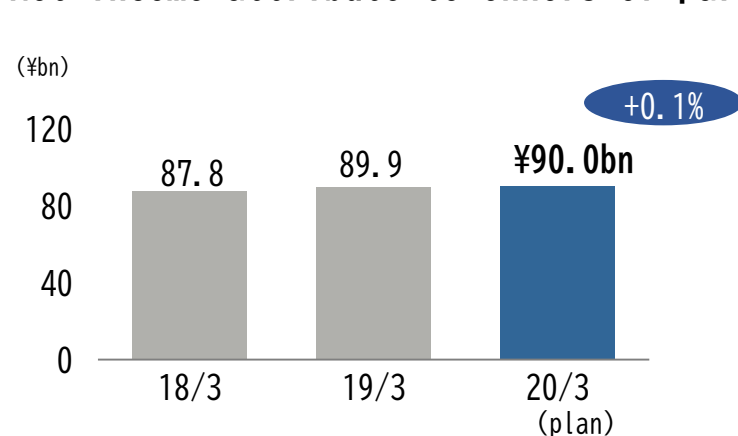
■ Operating income



■ Ordinary income



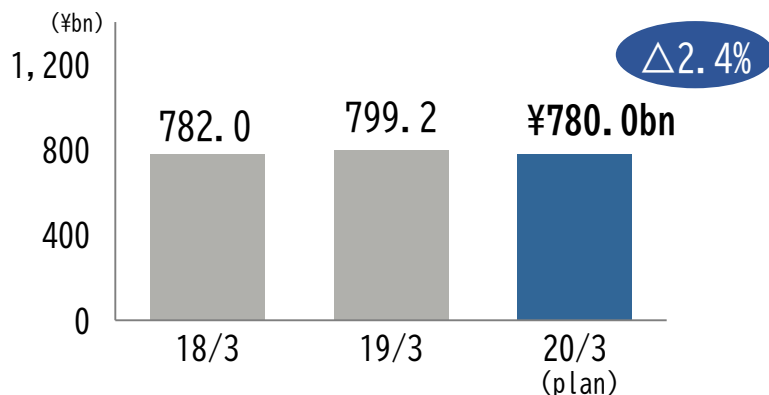
■ Net income attribute to owners of parent



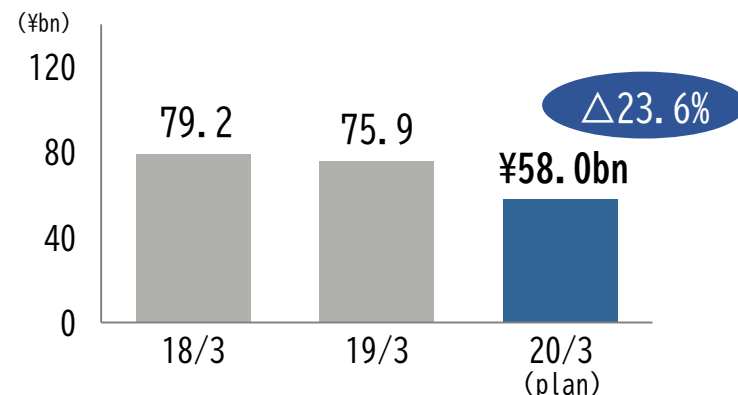
There is no change from the forecast at the beginning of this FY

● : YoY

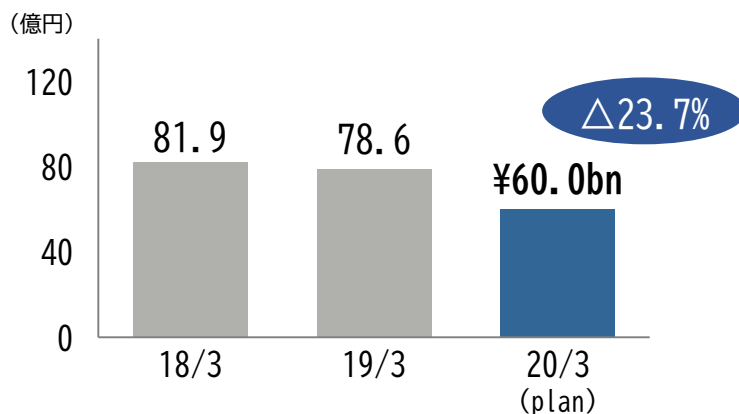
■ Net sales



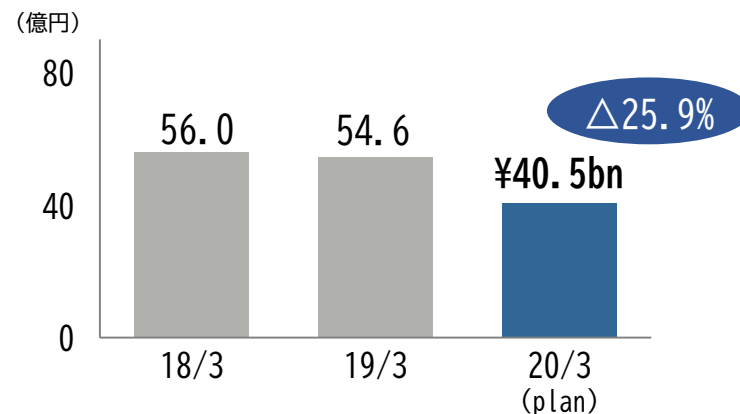
■ Operating income



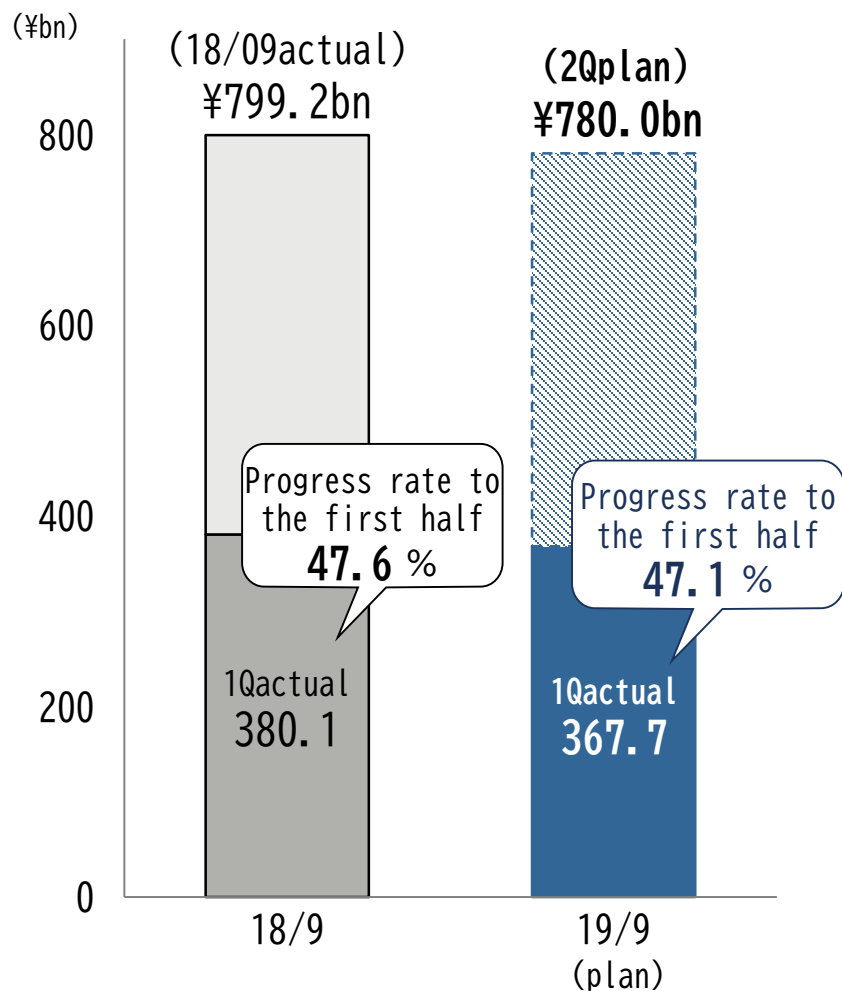
■ Ordinary income



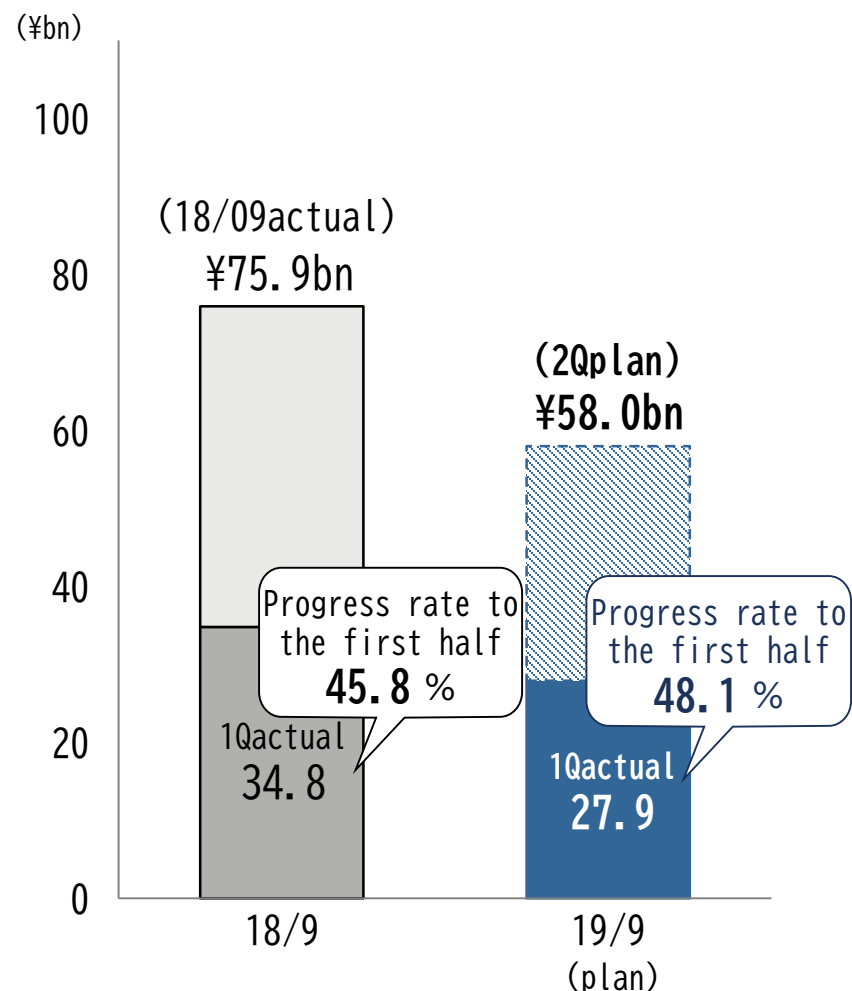
■ Net income attribute to owners of parent



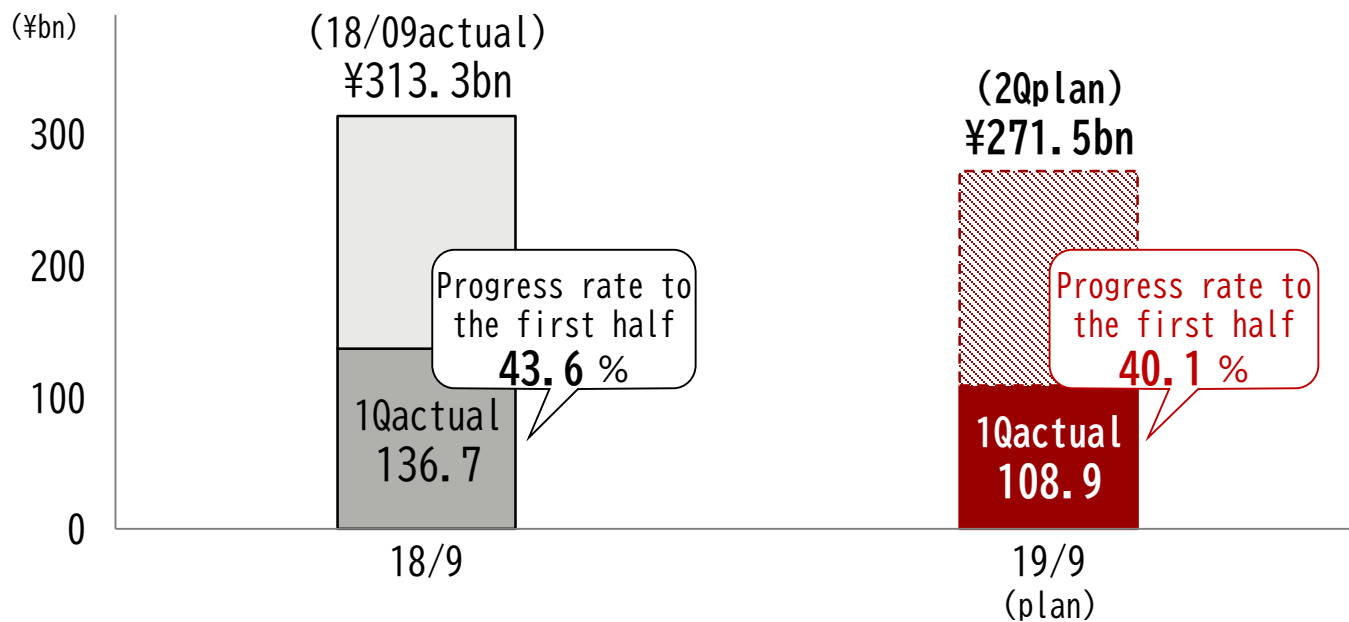
■ Net sales



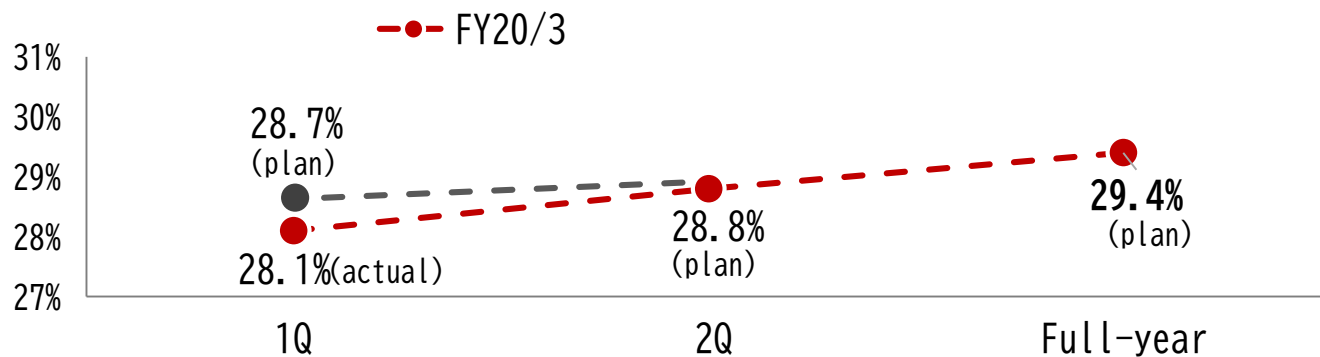
■ Operating income



Net sales

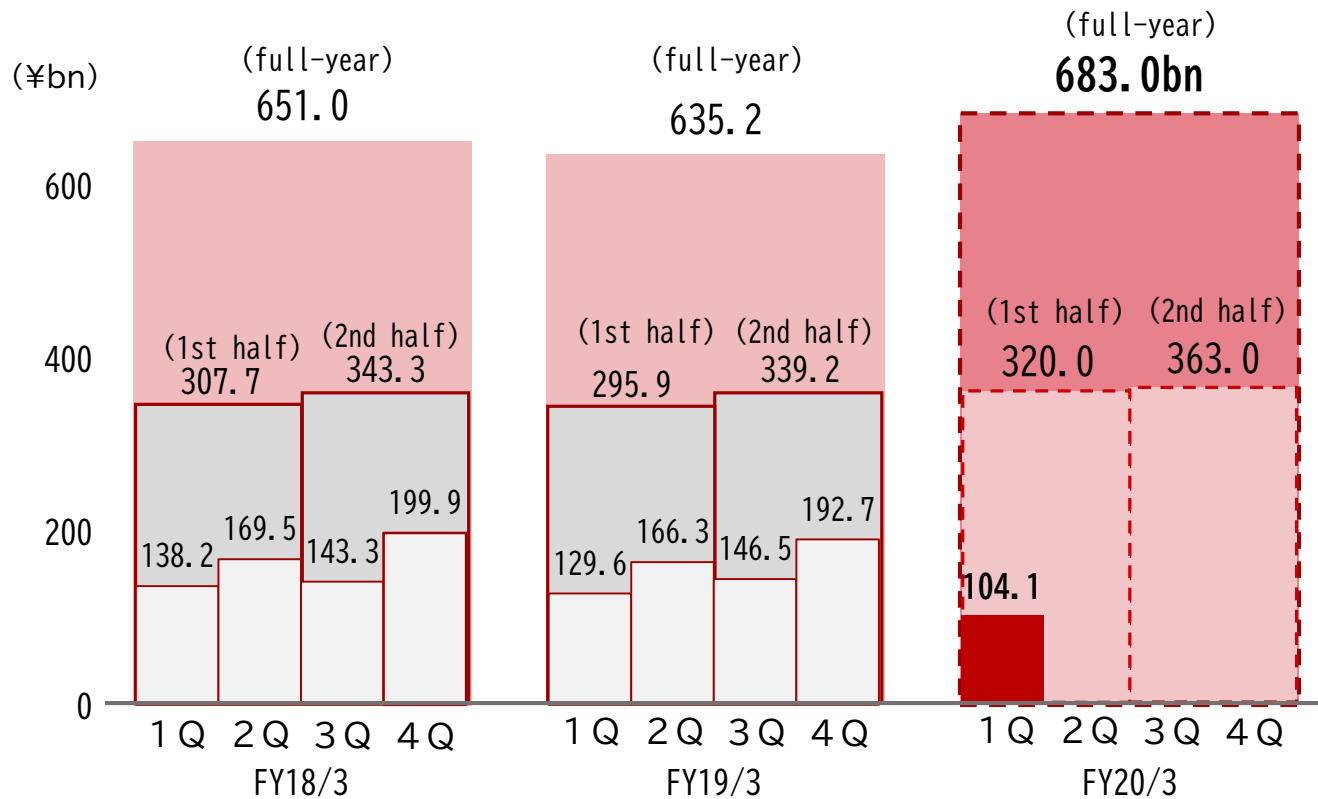


Gross profit



Plan of orders received in a full-year ¥683.0bn (+7.5% YoY)

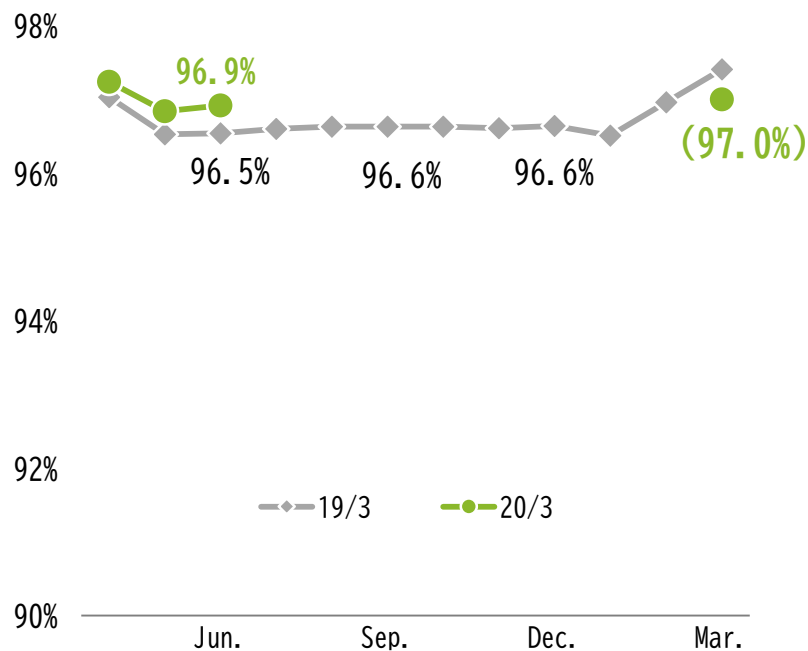
Plan of orders received in a half-year ¥320.0bn (+8.1% YoY)



Occupancy rate of residential use units
 Target in 2020/3 **97.0%**

Occupancy rate of commercial use units
 Target in 2020/3 **98.4%**

Occupancy rate



Occupancy rate



IV. Topics

■ Fact-finding inspection by MLIT (inspection conducted to 17 major apartment construction companies)

▼Inspection at actual
Construction site



▼check quality control
system



▼check construction status and
recording system



■ Inspection result from MLIT

Certified that there is no problem in field
management structure including quality, recording
system, and inspection process.

■ Our quality control system

Product development	<ul style="list-style-type: none">• Legal confirmation at the stage of planning and design• Conformance test of experimental building of new products
Application for Building permit	<ul style="list-style-type: none">• Apply for building permit to the administrative organization for each building• There are no type-certified* buildings
Inspection for Quality control	<ul style="list-style-type: none">• Assign “Construction Monitoring Center” which is independent from construction department to conduct strict inspections• Owner’s inspection under construction• Store inspection results of each construction process in database, and submit them to the owner as a completion report

* Pre-certified for compliance with provisions of prefabricated homes provided as standard specification can simplify the building permit process.

Establish two specialized departments (reinforcement of sales structure)

■ Specialized Rebuilding Department

specialized in rebuilding contract and obtain new customers

Number of branches assigned : 90

Number of sales persons : 488

Date of Operation Began : April 1st



■ Specialized Commercial Use Department

specialized in retails/commercial buildings and introduction sales.
Capture for non-residential demand

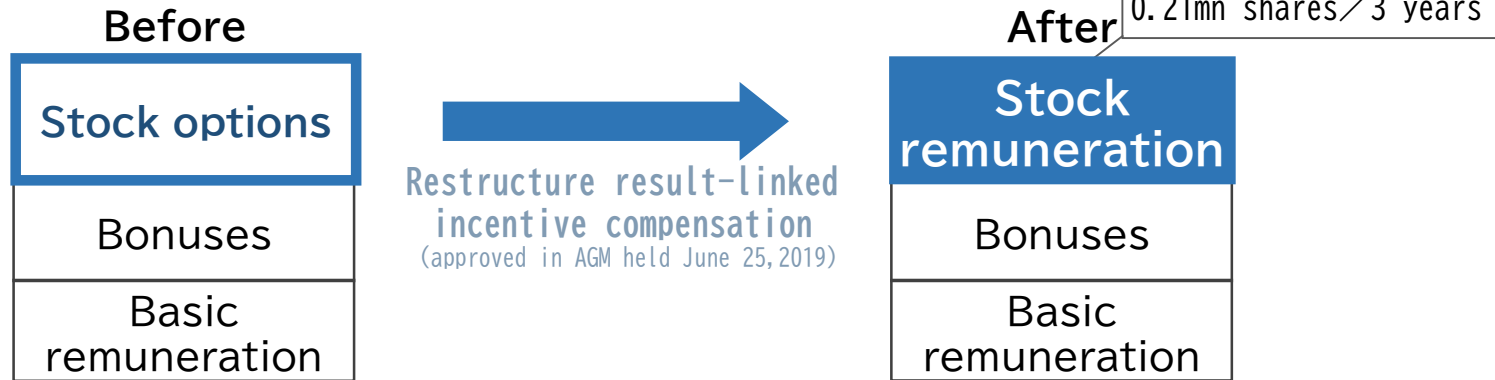
Number of branches assigned : 13

Number of sales persons : 52

Date of Operation Began : July 1st



■ Compensation Structure of Directors



■ Purpose of Restructuring the System

enhance Directors' awareness of shareholder return	Points will be granted on the condition that 20% ROE and 50% payout ratio are achieved.
enhance Directors' awareness of improving the medium- to long-term business performance	The remuneration shall fluctuate depending on the achievement level (growth rate of consolidated operating income) of the Company's performance of 3 years.
share common interests with shareholders and investors	Sharing common interests with shareholders and investors by holding stock by Directors will manage company more closely to shareholders and investors

V. Appendix

(¥ mn)

《 Construction business 》	19/3 1Q	20/3 1Q	YoY	20/3(plan)
Net sales	136,719	108,975	△20.3%	610,000
Gross profit	42,940	30,632	△28.7%	179,200
(Gross profit margin)	31.4%	28.1%	△3.3p	29.4%
Operating income	22,303	11,747	△47.3%	97,000
(Operating income margin)	16.3%	10.8%	△5.5p	15.9%
《 Real estate business 》	19/3 1Q	20/3 1Q	YoY	20/3(plan)
Net sales	229,590	243,693	+6.1%	968,000
Gross profit	23,765	27,164	+14.3%	94,100
(Gross profit margin)	10.4%	11.1%	+0.7p	9.7%
Operating income	13,462	17,331	+28.7%	48,500
(Operating income margin)	5.9%	7.1%	+1.2p	5.0%

《 Other businesses 》	19/3 1Q	20/3 1Q	YoY	20/3(plan)
Net sales	13,797	15,100	+9.4%	62,000
Gross Profit	5,811	6,303	+8.5%	25,000
(Gross profit margin)	42.1%	41.7%	△0.4p	40.3%
Operating income	3,100	3,381	+9.1%	13,000
(Operating income margin)	22.5%	22.4%	△0.1p	21.0%

Daito Trust Construction

(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3(Plan)
Net sales	137,995	109,452	△20.7%	612,000
Construction	137,307	109,055	△20.6%	610,000
Real estate & others	688	397	△42.2%	2,000
Gross profit	43,290	32,258	△25.5%	186,100
Construction	42,930	31,994	△25.5%	184,600
Real estate & others	359	264	△26.6%	1,500
SG&A expenses	28,350	26,587	△6.2%	126,100
Operating income	14,939	5,671	△62.0%	60,000
Ordinary Income	44,592	43,371	△2.7%	102,000
Net income	40,637	41,064	+1.1%	80,500

(¥ mn)

	18/3 1Q		19/3 1Q		20/3 1Q		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Lease up of rental housing units ^{※1}	196,428	(91.2%)	207,553	(90.4%)	218,640	(89.7%)	+5.3%
Building and repairs	7,708	(3.6%)	9,258	(4.0%)	11,354	(4.7%)	+22.6%
Brokerage of rental estate	3,875	(1.8%)	4,139	(1.9%)	4,515	(1.8%)	+9.1%
Rental guarantee business	2,557	(1.2%)	3,039	(1.3%)	3,430	(1.4%)	+12.9%
Electricity business	2,123	(1.0%)	2,118	(0.9%)	2,090	(0.9%)	△1.3%
Leasing business ^{※2}	1,554	(0.7%)	1,535	(0.7%)	1,552	(0.6%)	+1.1%
Others	1,092	(0.5%)	1,945	(0.8%)	2,108	(0.9%)	+8.4%
Total	215,341	(100.0%)	229,590	(100.0%)	243,693	(100.0%)	+6.1%

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

※2 Mainly Shinagawa East One Tower

(¥ mn)

Construction Business								
	Daito Construction				Daito Steel			
	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	1,945	1,443	△25.8%	7,350	1,030	873	△15.2%	5,040
Gross profit	113	79	△30.3%	329	60	44	△26.0%	285
SG&A expenses	31	40	+27.9%	127	19	21	+10.5%	87
Operating income	82	38	△52.6%	202	40	22	△43.7%	198
Ordinary income	103	55	△46.5%	271	41	21	△47.5%	198
Net income	79	37	△53.1%	188	19	14	△26.8%	137

Profit & Loss of major subsidiaries (real estate businesses-1) <FY20/3>

Real estate business								
	Daito Kentaku Partners				Daito Kentaku Leasing			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 (Plan)	19/3 1Q	20/3 1Q	YoY	20/3 (Plan)
Net sales	220,835	234,218	+6.1%	926,300	5,134	5,803	+13.0%	24,800
Gross profit	18,797	21,694	+15.4%	69,500	2,246	2,368	+5.4%	10,900
SG&A Expenses	5,306	4,724	△11.0%	23,500	1,478	1,553	+5.0%	6,300
Operating income	13,491	16,969	+25.8%	46,000	767	815	+6.2%	4,600
Ordinary income	17,739	17,229	△2.9%	47,000	1,061	843	△20.5%	5,300
Net income	13,418	11,935	△88.9%	32,300	382	540	+41.4%	3,700

Profit & Loss of major subsidiaries (real estate businesses-2) <FY20/3>

Real estate business								
	House Leave				Housecom※			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	3,039	3,430	+12.9%	13,681	—	2,977	—	12,236
Gross profit	2,841	3,223	+13.5%	12,853	—	2,782	—	11,500
SG&A Expenses	778	815	+4.7%	3,681	—	2,718	—	10,338
Operating income	2,062	2,407	+16.8%	9,172	—	64	—	1,161
Ordinary income	2,063	2,410	+16.8%	9,180	—	66	—	1,394
Net income	1,476	1,673	+13.4%	6,369	—	37	—	948

※Since the company has prepared quarterly consolidated financial statements from this FY, there is no mention of FY2019/3.

Profit & Loss of major subsidiaries (Financial businesses) <FY20/3>

Other businesses (Financial business)												
	Daito Finance				House Guard				D. T. C			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	405	576	+42.2%	2,157	677	816	+20.5%	3,300	846	824	△2.6%	3,147
Gross profit	353	505	+43.2%	1,879	321	352	+9.7%	1,467	395	325	△17.7%	1,228
SG&A Expenses	54	75	+35.0%	284	248	292	+17.7%	1,238	5	3	△29.3%	16
Operating income	298	430	+44.7%	1,594	73	60	△17.5%	228	390	321	△17.5%	1,212
Ordinary income	298	430	+44.7%	1,594	73	60	△17.5%	228	389	321	△17.4%	1,212
Net income	205	298	+45.4%	1,106	77	43	△44.2%	228	389	321	△17.4%	1,212

Profit & Loss of major subsidiaries (Other businesses-1) <FY20/3>

Other businesses (Gas supply business ・ Energy business)								
	Gaspal Group				Daito Energy			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	6,522	7,241	+11.0%	29,950	955	559	△41.4%	909
Gross profit	3,046	3,466	+13.8%	13,718	115	139	+20.5%	68
SG&A Expenses	1,635	1,807	+10.5%	7,556	59	7	△88.0%	33
Operating Income	1,410	1,659	+17.6%	6,162	56	132	+133.8%	34
Ordinary income	1,300	1,533	+17.9%	5,620	47	126	+165.3%	23
Net income	810	973	+20.2%	3,899	47	106	+124.0%	23

Profit & Loss of major subsidiaries (Other businesses-2) <FY20/3>

Other businesses (Care business)												
	Care Partner				Sakura Care				Ume Care			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	3,034	3,287	+8.3%	13,302	—	69	—	458	—	89	—	487
Gross profit	396	441	+11.2%	1,580	—	13	—	28	—	22	—	39
SG&A Expenses	241	290	+20.3%	1,230	—	8	—	14	—	7	—	12
Operating Income	155	151	△2.8%	350	—	4	—	13	—	14	—	26
Ordinary income	155	145	△6.5%	322	—	3	—	13	—	2	—	26
Net income	111	64	△41.9%	222	—	3	—	6	—	2	—	2

Profit & Loss of major subsidiaries (Other businesses-3) <FY20/3>

Other businesses (Overseas business)								
	DAITO ASIA DEVELOPMENT (MALAYSIA) SDN. BHD.				DAITO ASIA DEVELOPMENT (MALAYSIA) II SDN. BHD.			
(¥ mn)	19/3 1Q	20/3 1Q	YoY	20/3 Plan	19/3 1Q	20/3 1Q	YoY	20/3 Plan
Net sales	734	703	△4.2%	3,117	1,108	1,045	△5.8%	4,258
Gross profit	331	311	△6.2%	1,465	559	473	△15.5%	1,990
SG&A Expenses	263	243	△7.6%	1,063	337	335	△0.6%	1,373
Operating Income	68	68	△0.9%	402	222	137	△38.0%	616
Ordinary income	358	140	△60.8%	364	498	175	△64.8%	452
Net income	358	140	△60.8%	308	498	175	△64.8%	341

Amount of orders in received , and Amount from construction completed <FY20/3>

■Amount of order received

(¥ mn)

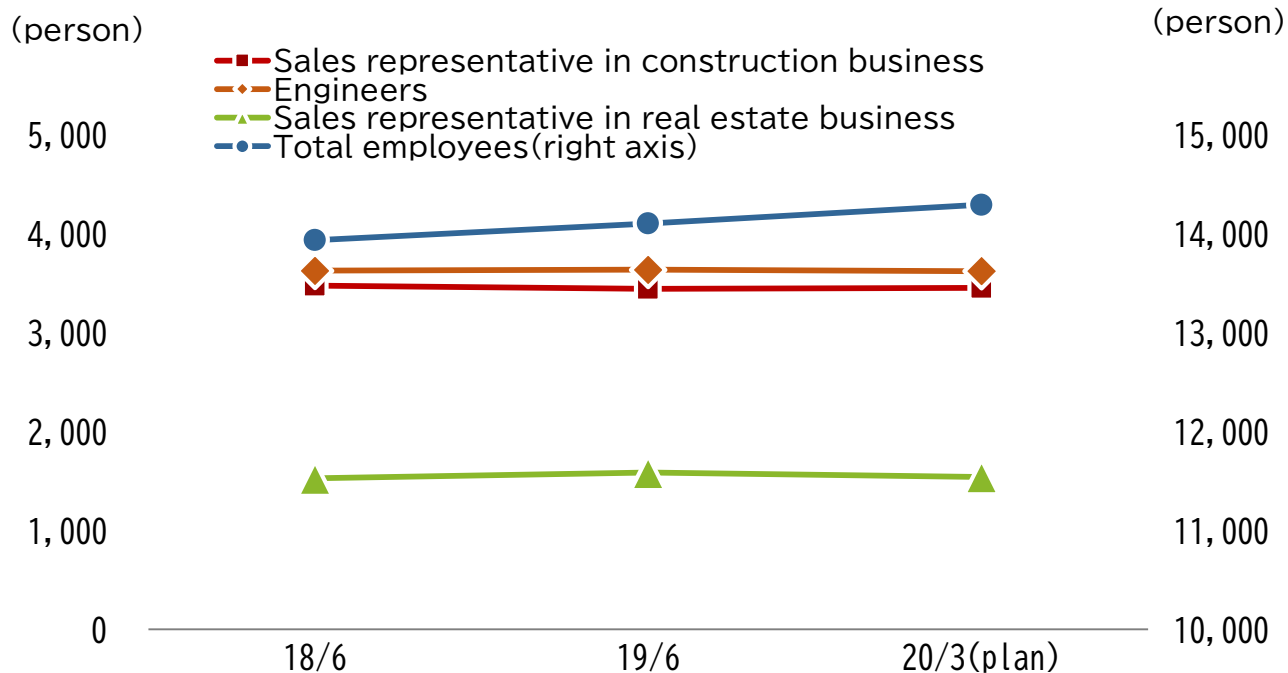
	18/3 1Q	19/3 1Q	20/3 1Q	YoY	20/3(Plan)
Residential use	130,906	123,157	96,138	△21.9%	648,200
Rental housing	130,634	122,325	95,728	△21.7%	645,200
Detached housing	272	831	409	△50.7%	3,000
Commercial use	1,323	682	164	△76.0%	6,800
Building and repairs	6,028	5,781	7,870	+36.1%	28,000
Total	138,259	129,621	104,172	△19.6%	683,000

■Net income from completed construction

	18/3 1Q	19/3 1Q	20/3 1Q	YoY	20/3(Plan)
Residential use	146,248	135,713	106,996	△21.2%	603,700
Rental housing	145,641	135,267	106,571	△21.2%	601,000
Detached housing	607	446	425	△4.7%	2,700
Commercial use	765	618	847	+36.9%	3,300
Building and repairs	8,736	9,644	12,485	+29.5%	30,700
Total	155,751	145,977	120,329	△17.6%	637,700

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

(person)	18/6	19/6	YoY	20/3(Plan)
Total employees	13,934	14,102	+168	14,290
Sales representative in construction business [※]	3,472	3,440	△32	3,450
Engineers	3,624	3,634	+10	3,620
Sales representative in real estate business	1,525	1,583	+58	1,540



※ Include customer support division

(¥bn)

150

129.6

104.1bn

25.5bn
Decreased

100

50

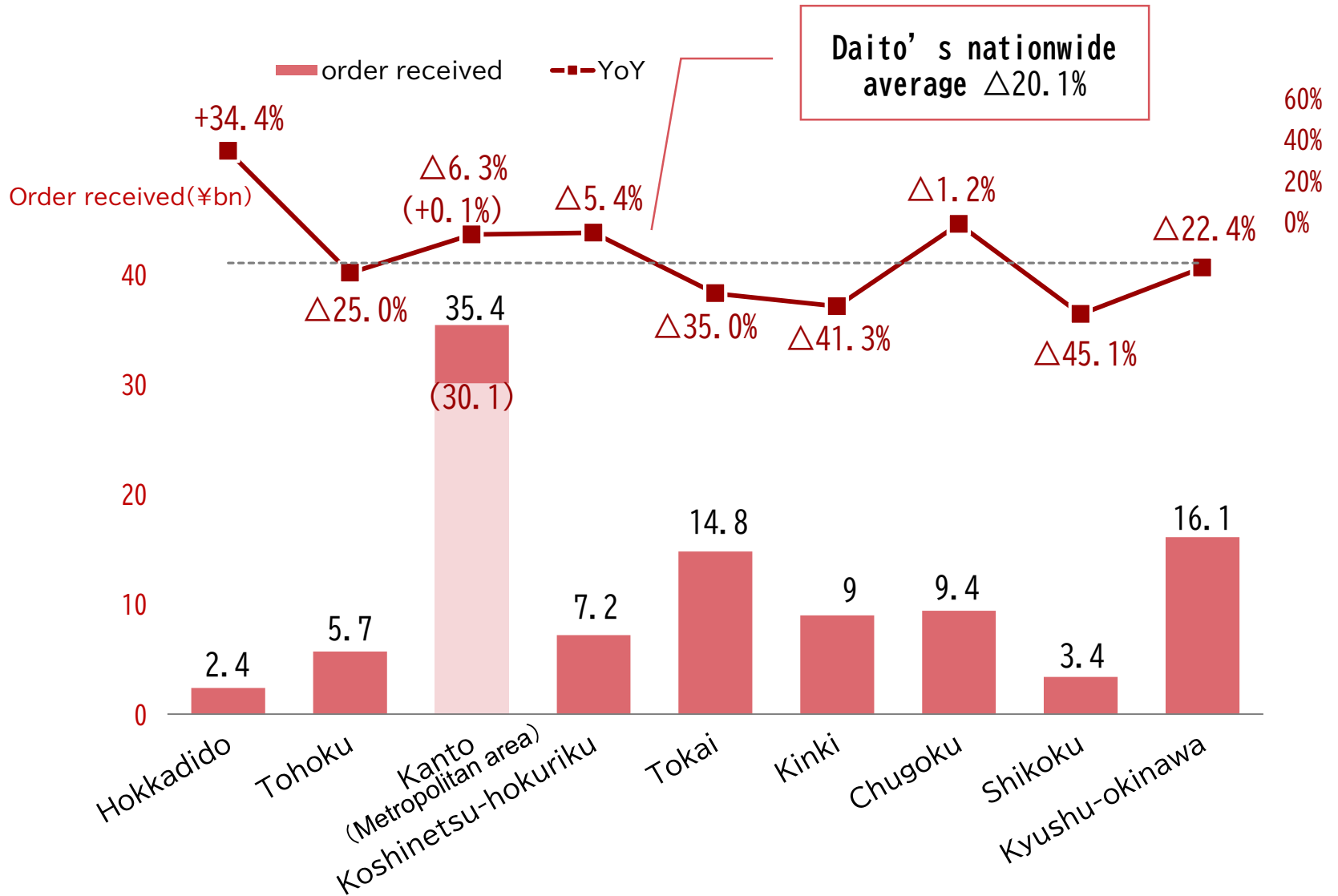
0

18/6

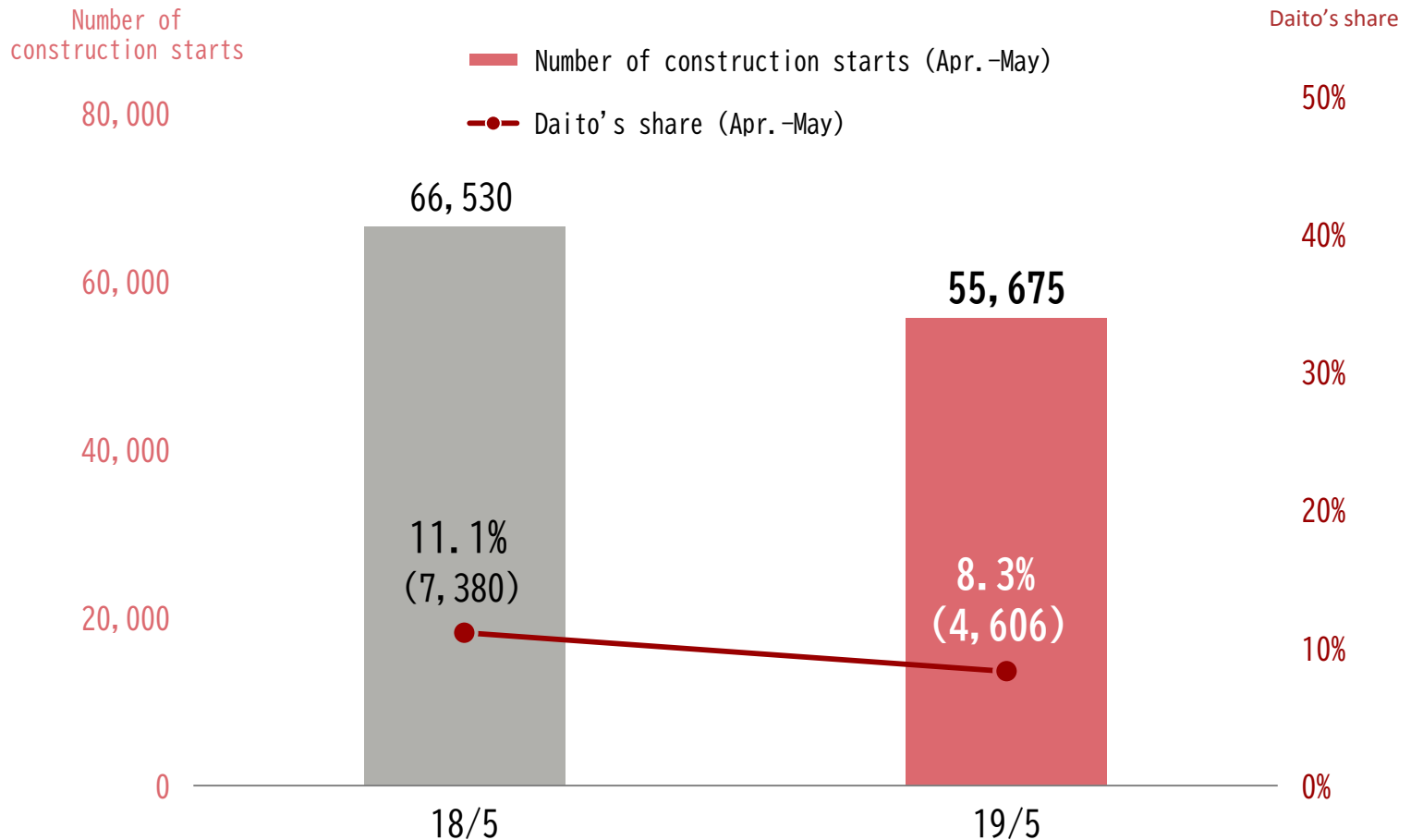
19/6

- ① Number of orders(project) **△¥29.8bn**
(1,495 orders → 1,209 orders)
- ② Per project price **+¥13.9bn**
(10.413mn/project
→ 11.567mn/project)
- ③ Cancellation **△¥6.7bn**
(23.1% → 30.5%)
- ④ Building & repairs **△¥2.9bn**
(12.8bn → 9.9bn)

Amount of orders received in each region

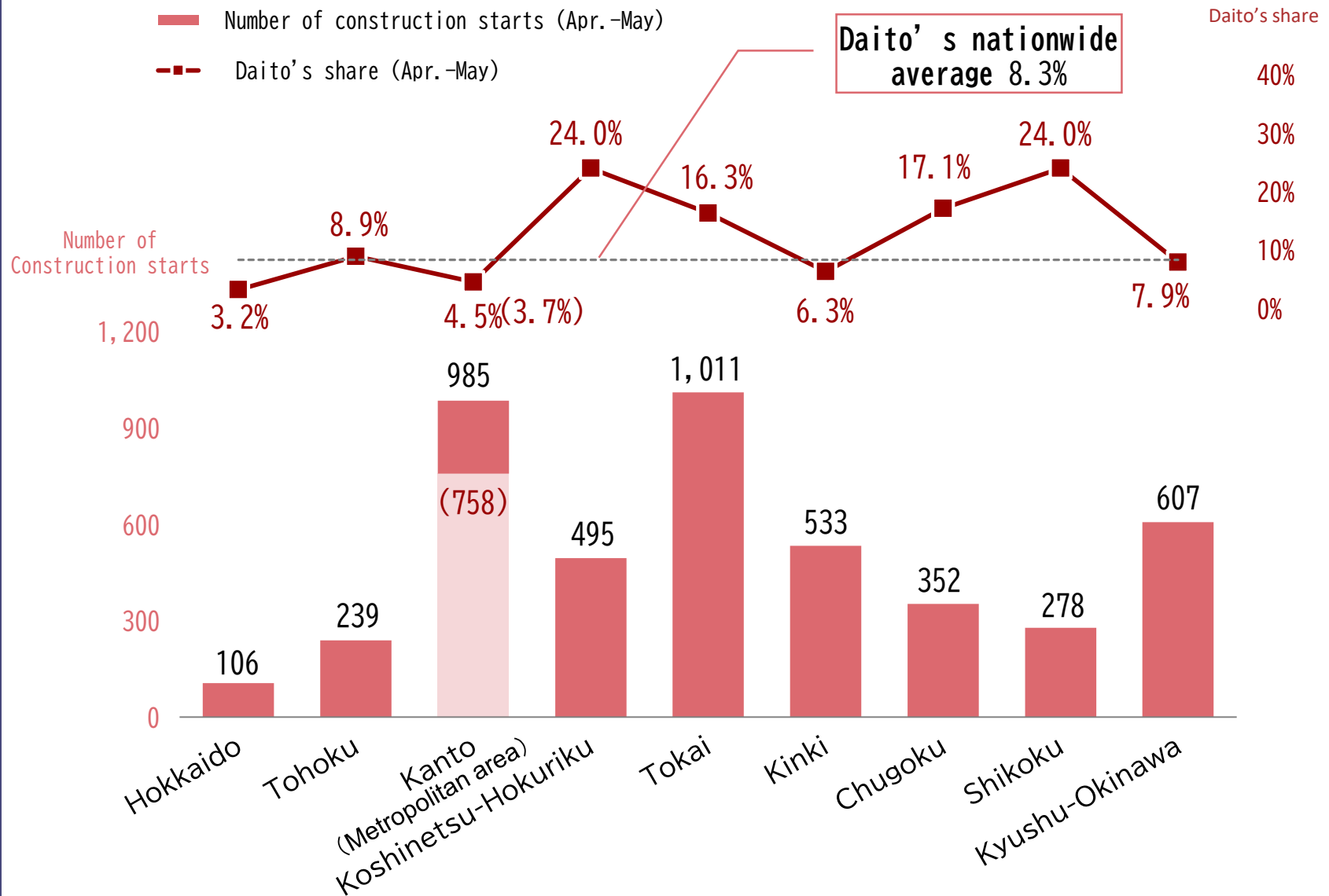


Number of construction starts & Daito's share (Year on Year)

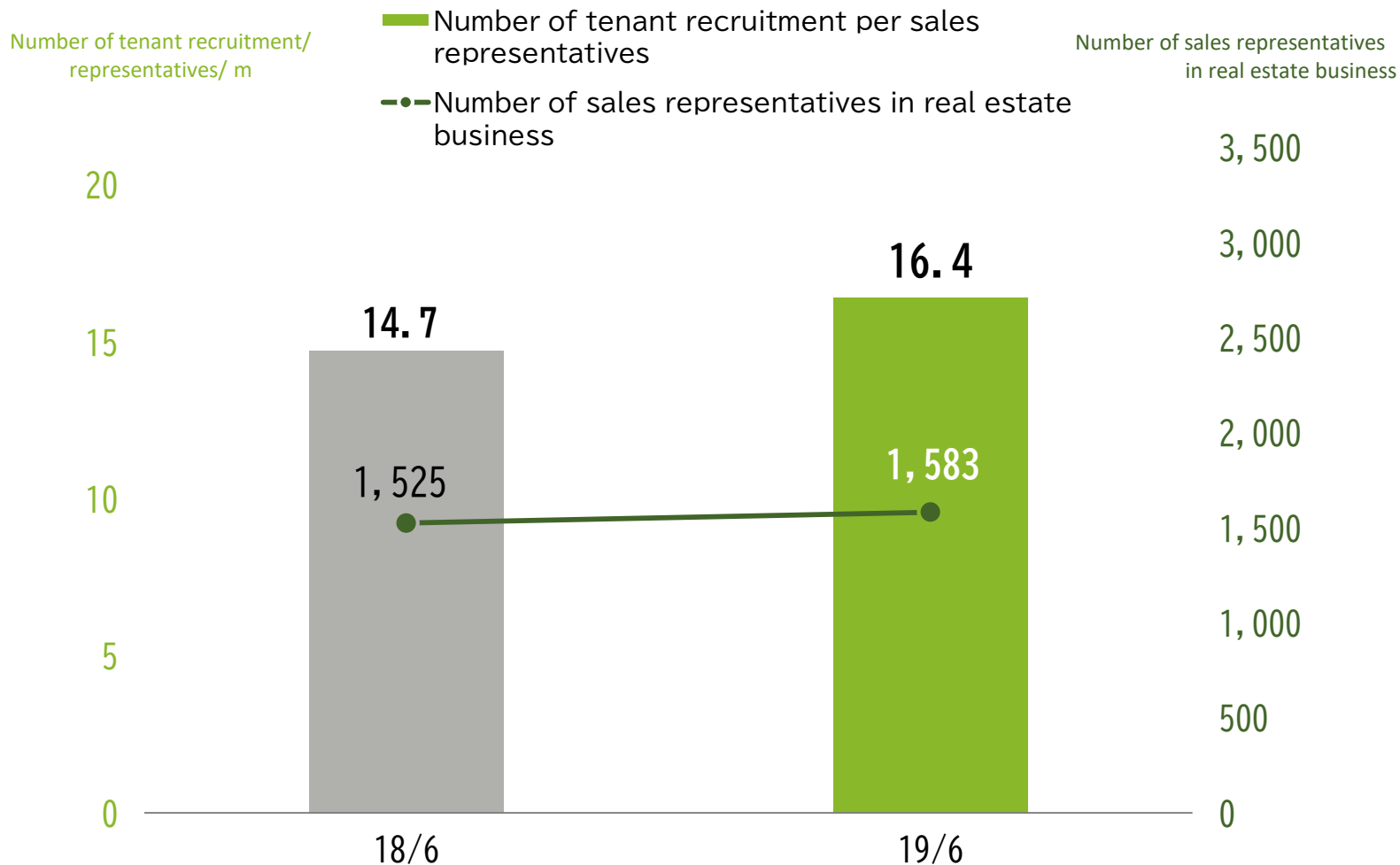


※Number of construction starts by Daito group

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

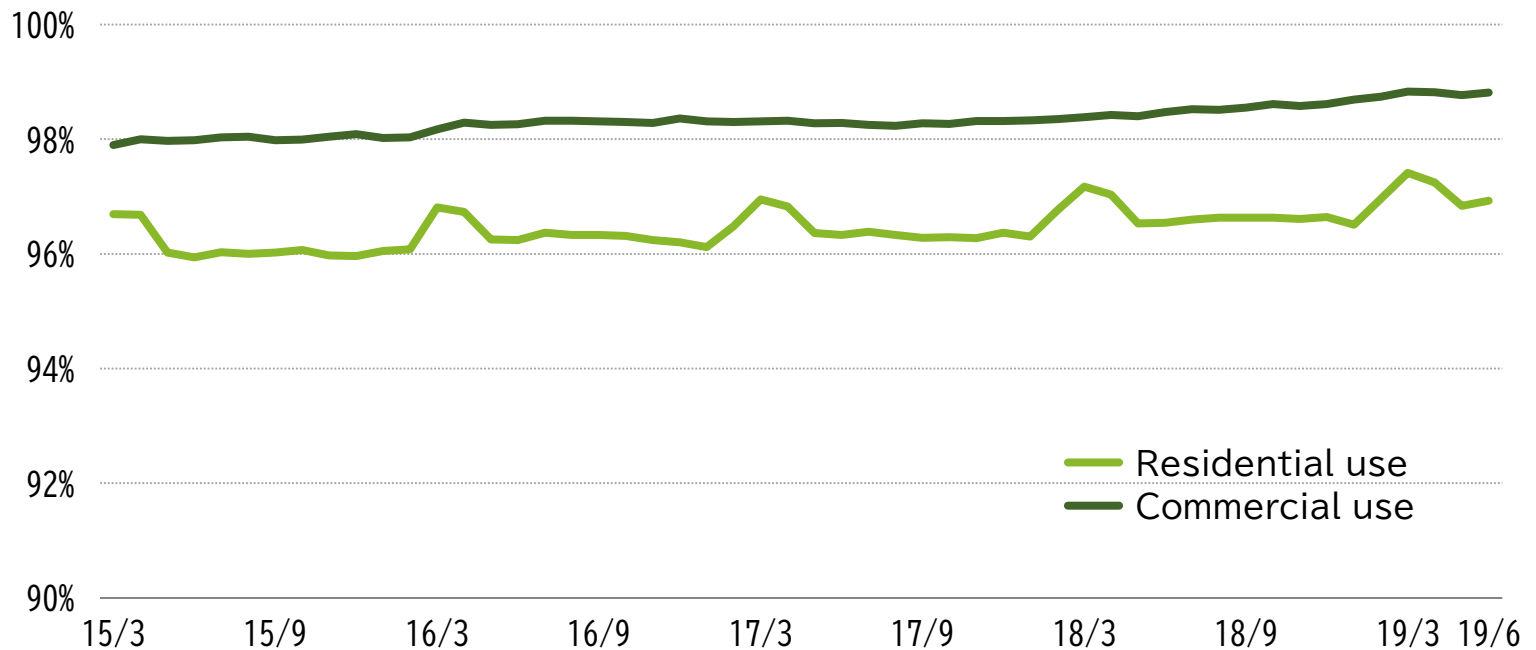


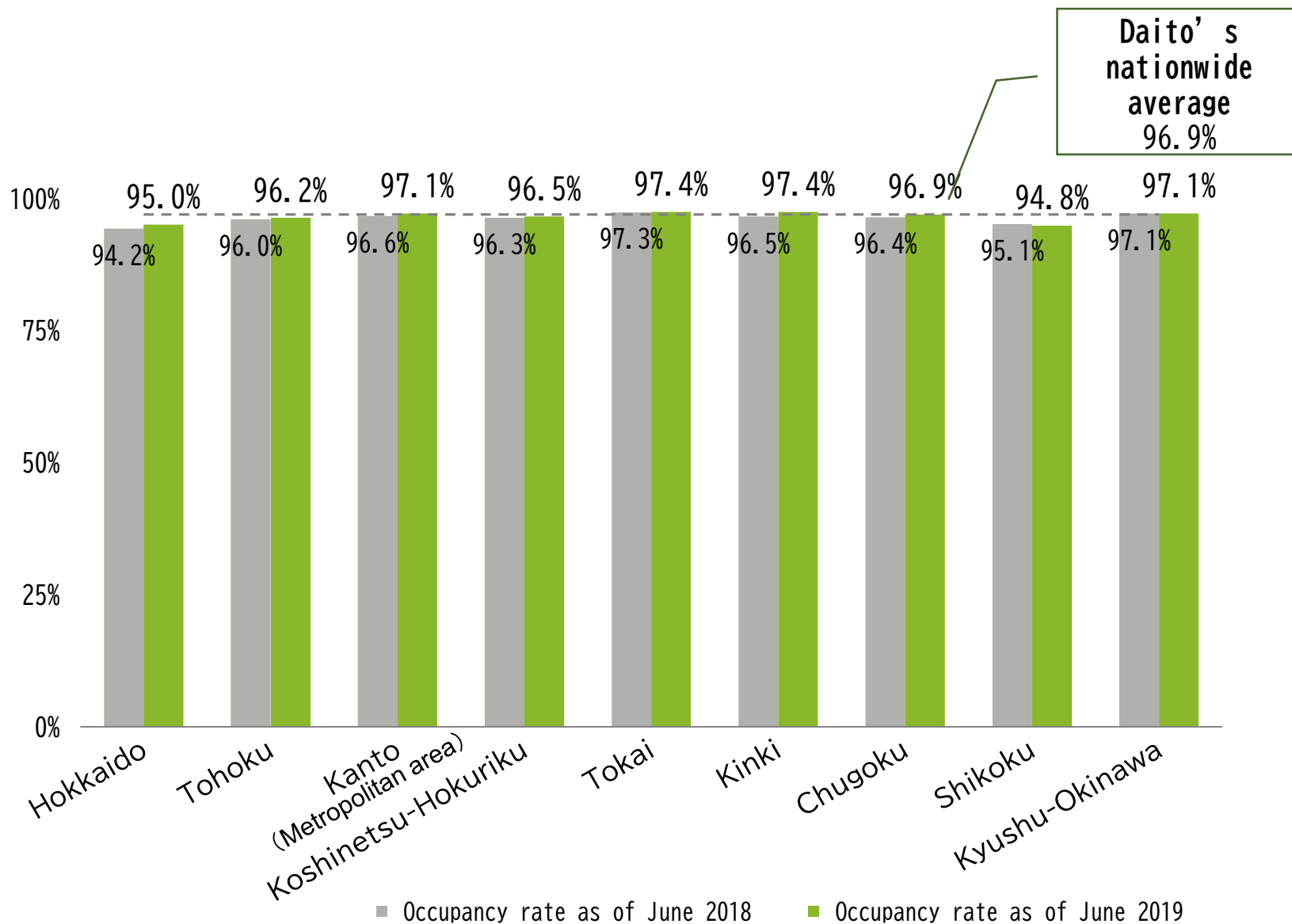
Transition of the number of tenant recruitment per sales representatives (Year on Year)



Rent-based occupancy rate	15/6	16/6	17/6	18/6	19/6	YoY
Residential use (%)	95.9%	96.2%	96.3%	96.5%	96.9%	+0.4p
Commercial use (%)	98.0%	98.3%	98.3%	98.5%	98.8%	+0.3p

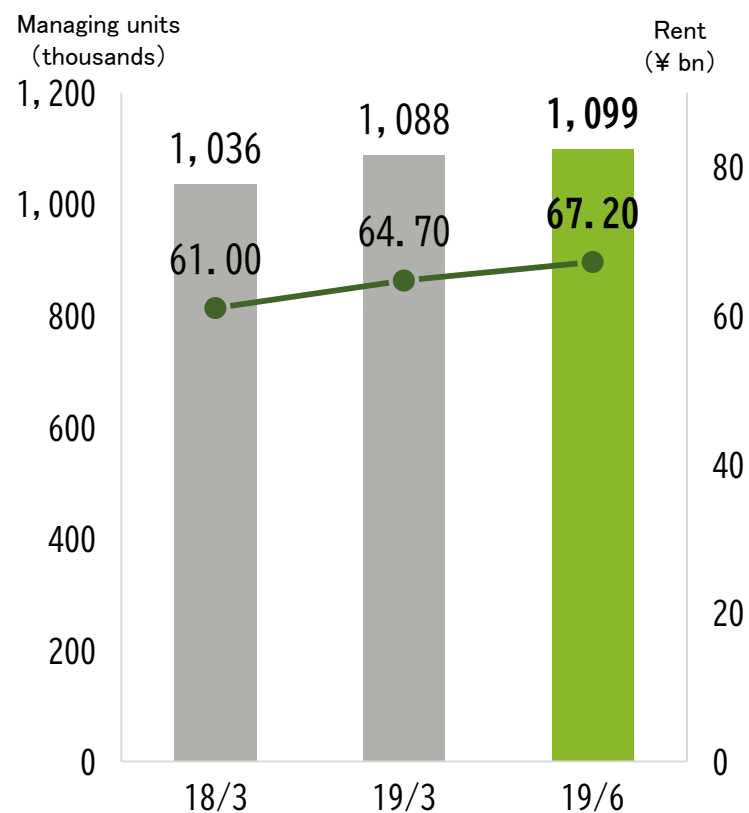
Rent-based occupancy rate





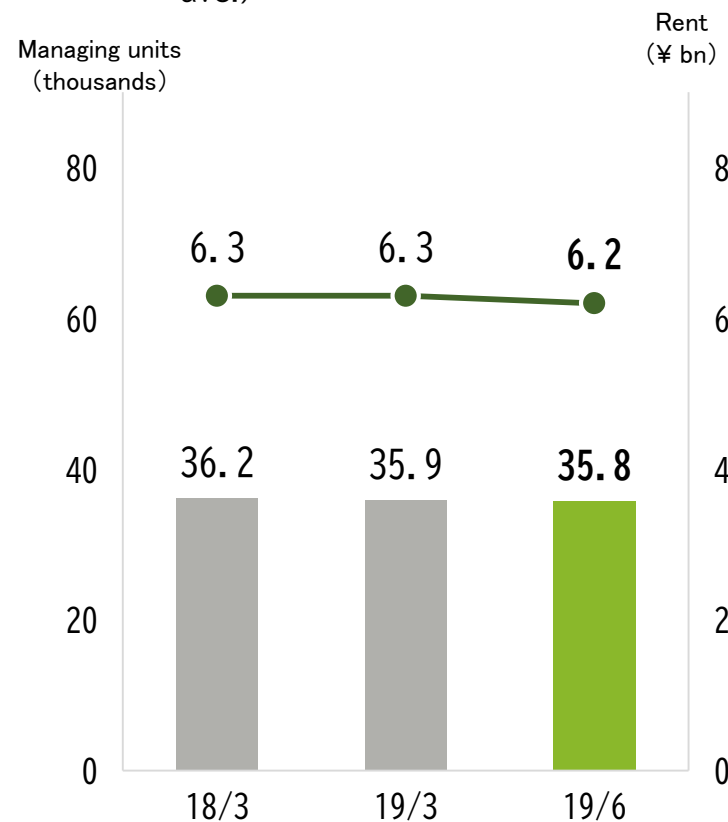
Residential use

- Number of units under management
- Aggregate amount of rent(monthly ave.)

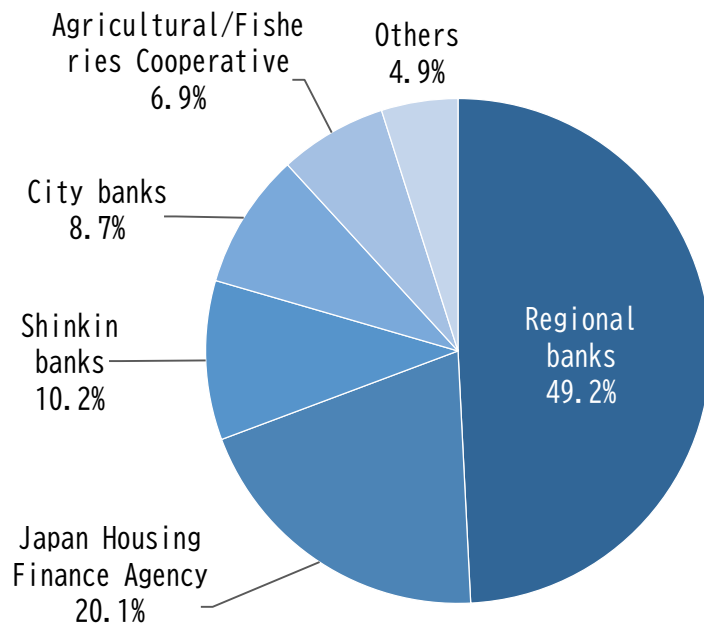


Commercial use

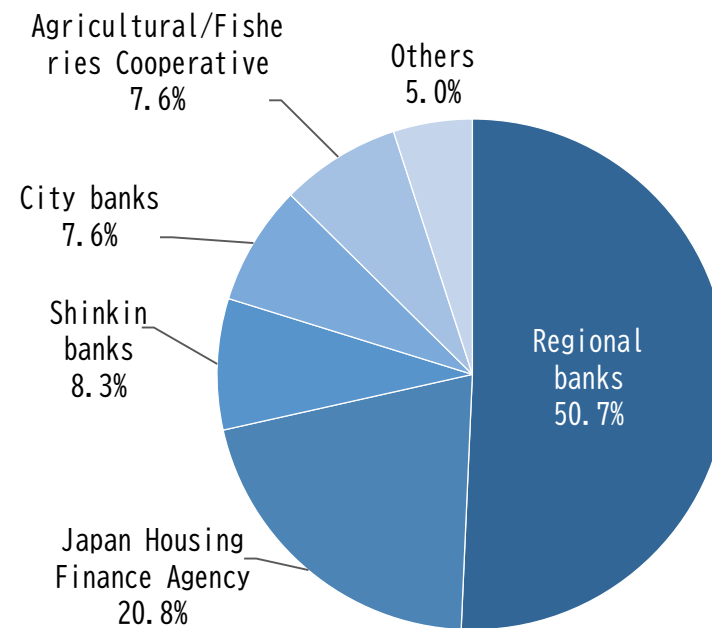
- Number of units under management
- Aggregate amount of rent(monthly ave.)



FY19/3 Full-year



FY20/ 1Q



1. Disclaimer of warranties for the contents

Daito pays careful attention about the information carried on this documents. However, Daito can not offer the guarantee about the accuracy, reliability, safety, etc. Please recognize the information about future forecast that Daito may offer is prediction of Daito at a certain time and is uncertain.

2. Copyright etc.

All the information offered on this documents is protected by the law of the Copyright Act and others. Quotation, reproduction and the duplicate without Daito's authorization are prohibited.

