

Investor Presentation



**Financial Results for FY2013
and
Forecasts for FY2014**

May 14, 2014

OBAYASHI CORPORATION

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on May 14, 2014 as a digest of Obayashi Corporation's "Summary of the Financial Results for FY2013 ended March 2014" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on May 13, 2014, is presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between Japanese "Kessan Tanshin" and this presentation, Japanese "Kessan Tanshin" will prevail. This investor presentation is not to solicit any individuals or entities to buy or sell stocks of Obayashi Corporation. This investor presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The unit used is 100 million yen or Japanese "oku-yen" unless otherwise specified.

Financial Results for FY2013 and Forecasts for FY2014

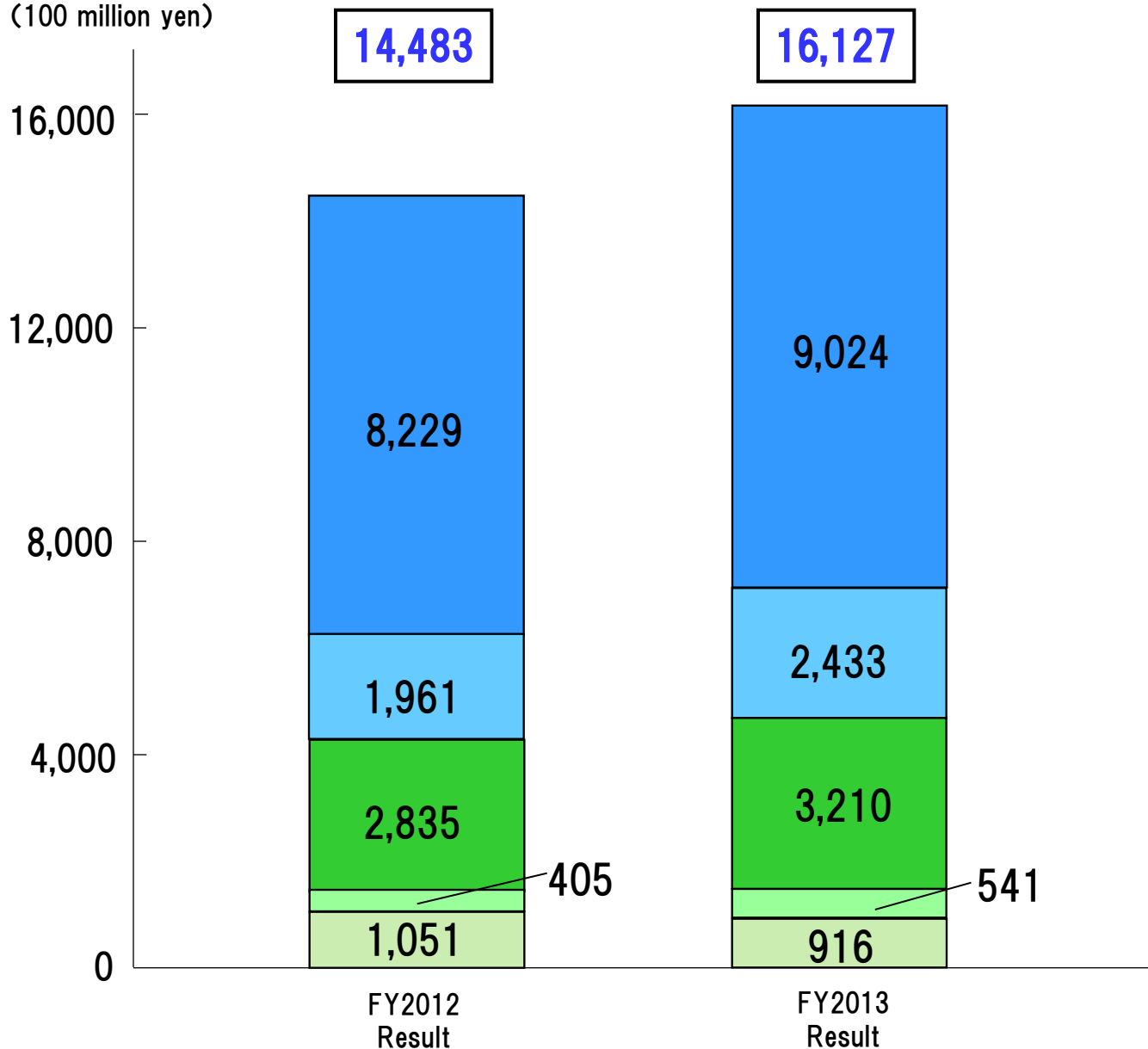


(100 million yen)

	FY2012	FY2013	Increase (Decrease)	Increase Rate (%)
Net Sales	14,483	16,127	1,644	11.4%
Gross Profit	1,146	1,120	(26)	(2.3%)
Operating Income	351	319	(31)	(9.0%)
Ordinary Income	446	401	(45)	(10.2%)
Net Income	131	216	84	63.9%

【Consolidated】 Net Sales by Business Segment

(100 million yen)



Year on Year

+1,644

(+11.4%)

Domestic building const.

+795 (+9.7%)

Overseas building const.

+472 (+24.1%)

Domestic civil engineering

+374 (+13.2%)

Overseas civil engineering

+136 (+33.6%)

Real estate business and other

-134 (-12.8%)

【Consolidated】 Operating Income by Business Segment

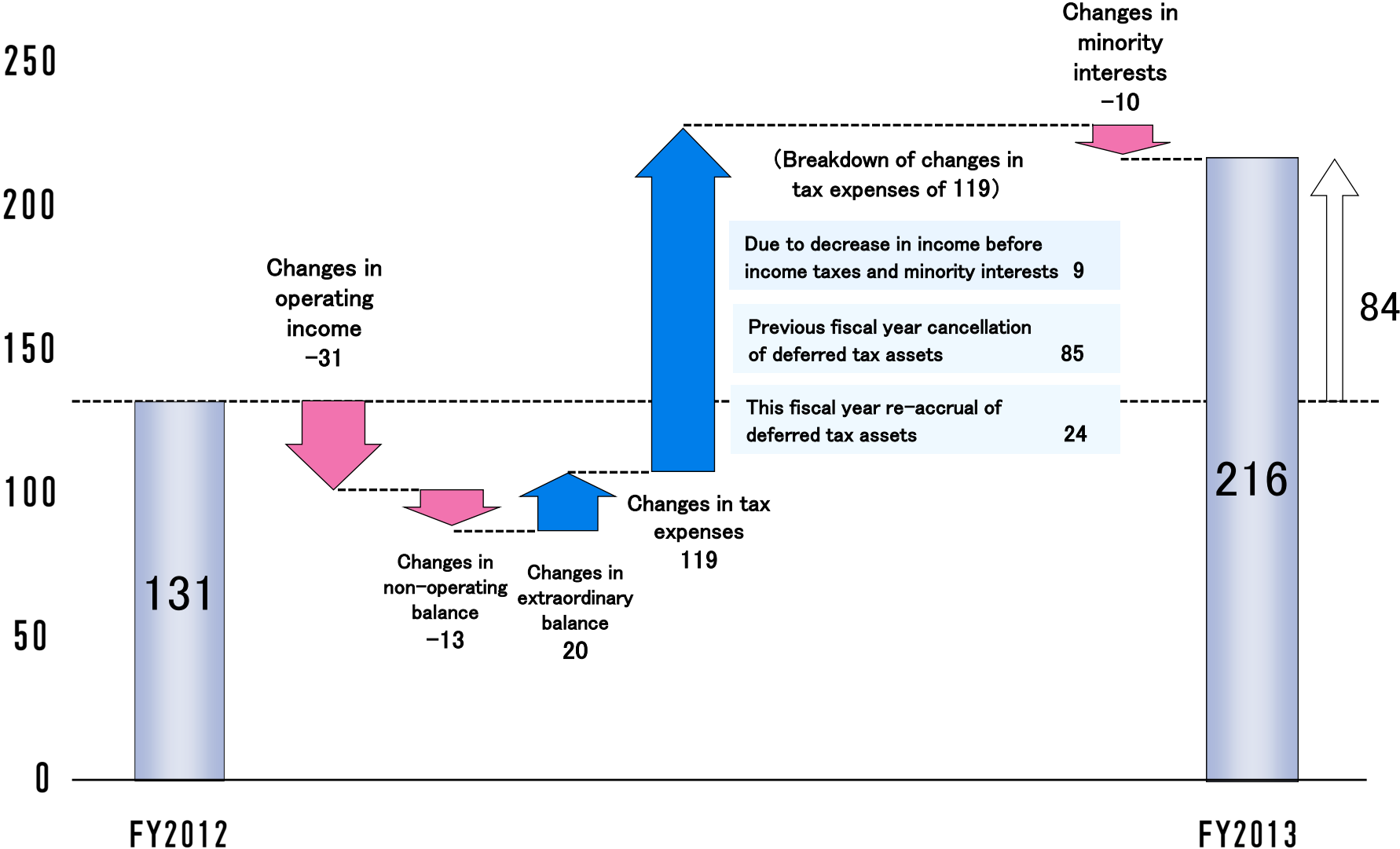
OBAYASHI CORPORATION

(100 million yen)

		FY2012		FY2013		Increase (Decrease)
		Operating margin		Operating margin		
Construction	Domestic building construction	1.3%	110	0.6%	51	(59)
	Overseas building construction	3.3%	64	2.6%	62	(1)
	Domestic civil engineering	3.0%	84	3.6%	114	30
	Overseas civil engineering	(4.3%)	(17)	(6.7%)	(36)	(18)
Construction Total		1.8%	241	1.3%	191	(49)
Real estate business and other		10.5%	109	14.0%	128	18
Total		2.4%	351	2.0%	319	(31)

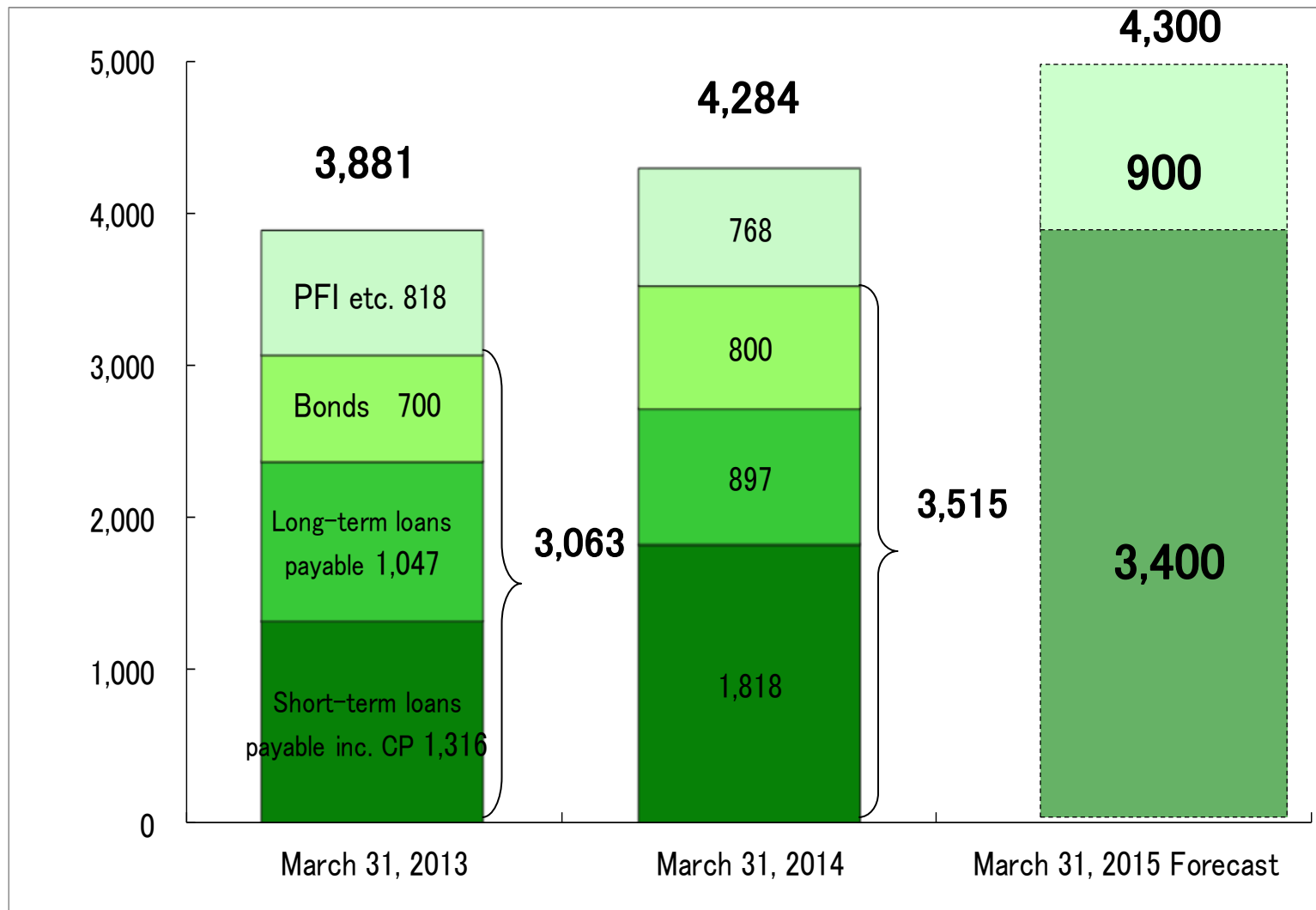
【Consolidated】 Breakdown of Increase/ Decrease in Net Income

(100 million yen)



【Consolidated】 Transition of Interest-bearing Debt

(100 million yen)



(100 million yen)

	FY2012	FY2013	Increase (Decrease)
Operating activities	314	379	64
Investing activities	(291)	(473)	(181)
Financing activities	(289)	275	565
Net increase (decrease) in cash and cash equivalents	(219)	214	434
Cash and cash equivalents at the end of period	996	1,211	214

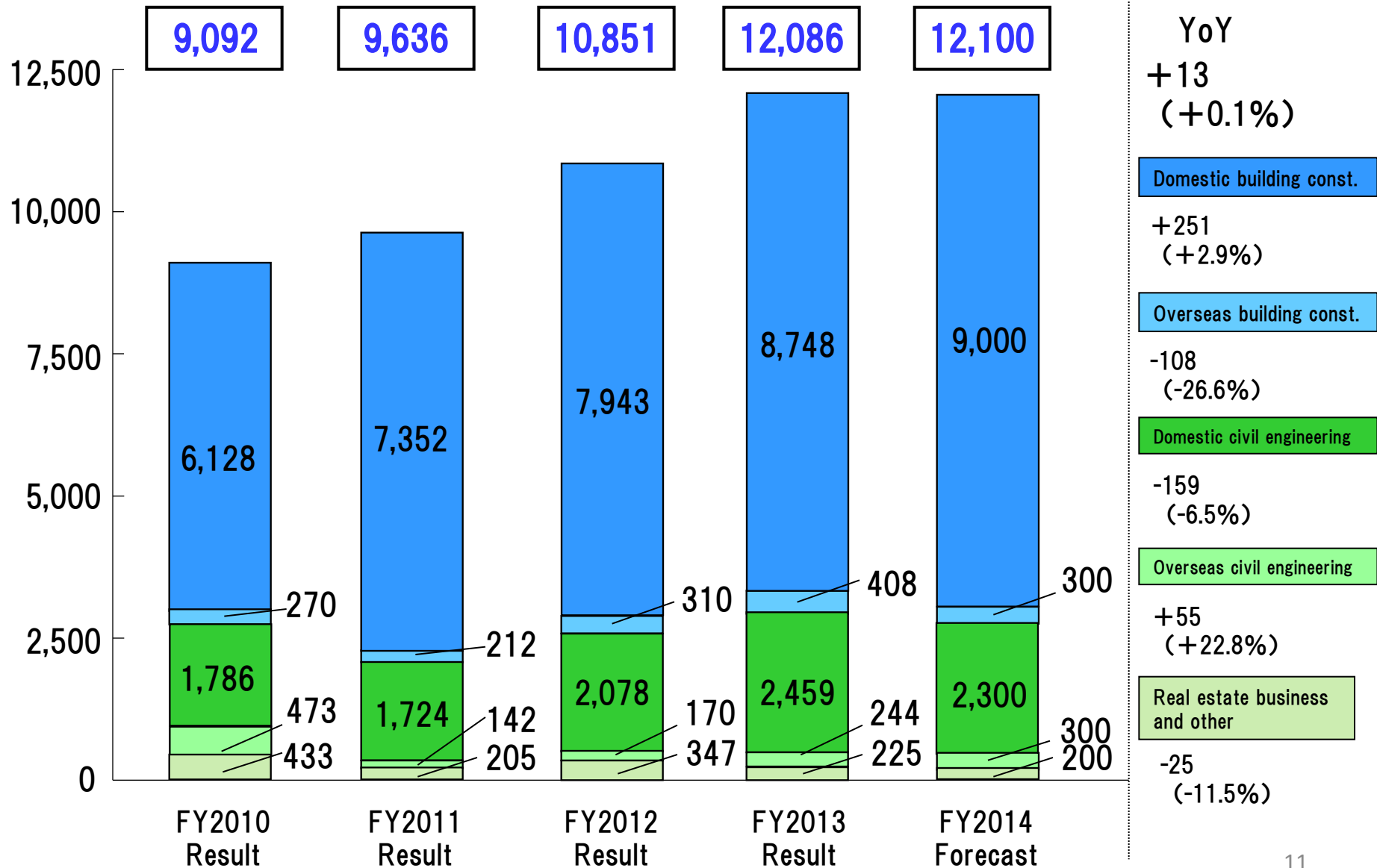
【Consolidated】 Forecast for FY2014

(100 million yen)

	FY2013 Result	FY2014 Forecast	Increase (Decrease)	Increase Rate (%)
Net Sales	16,127	17,000	872	5.4%
Gross Profit	1,120	1,180	59	5.3%
Operating Income	319	350	30	9.4%
Ordinary Income	401	390	(11)	(2.8%)
Net Income	216	230	13	6.3%

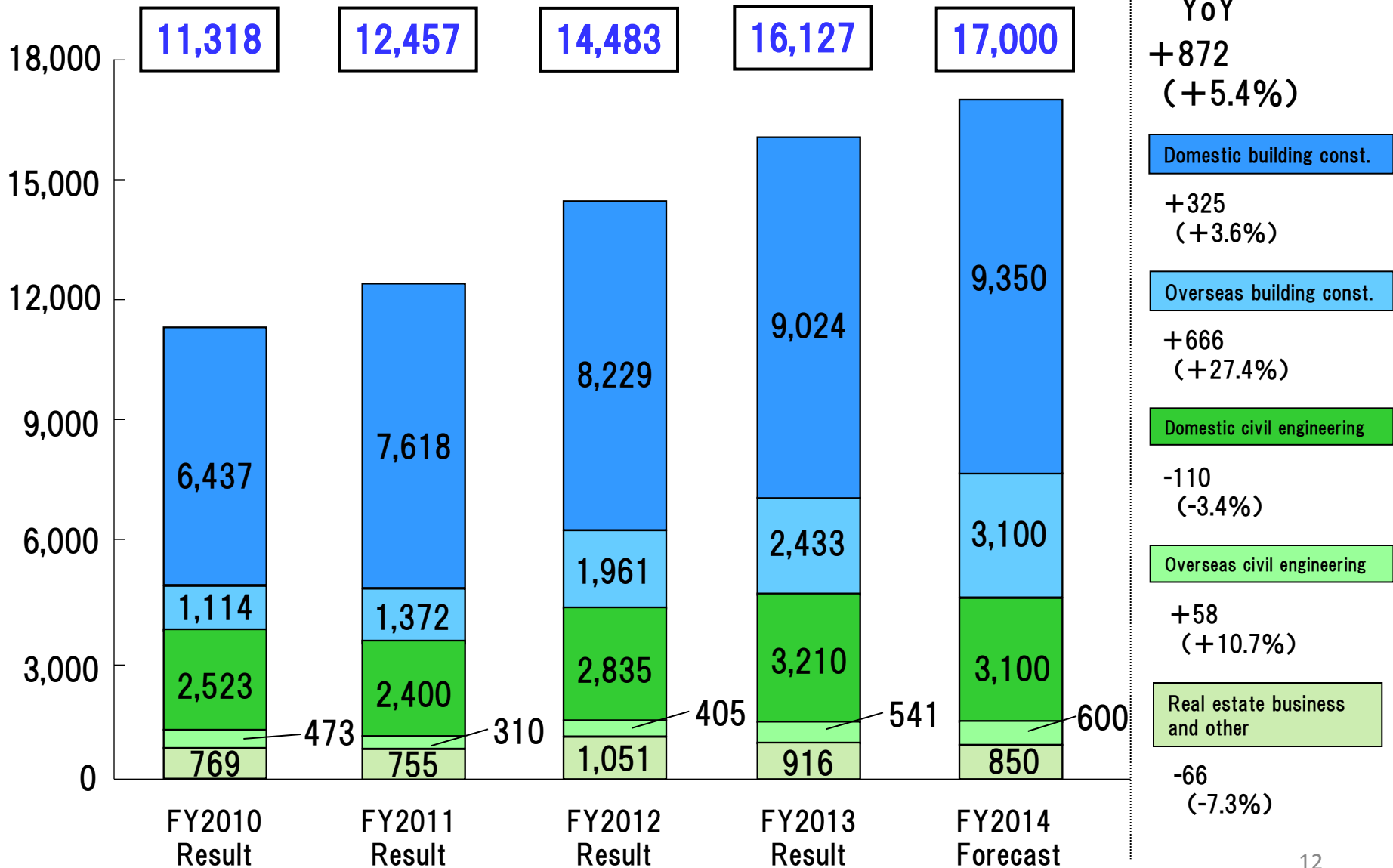
【Non-consolidated】 Forecast for Net Sales

(100 million yen)



【Consolidated】 Forecast for Net Sales

(100 million yen)



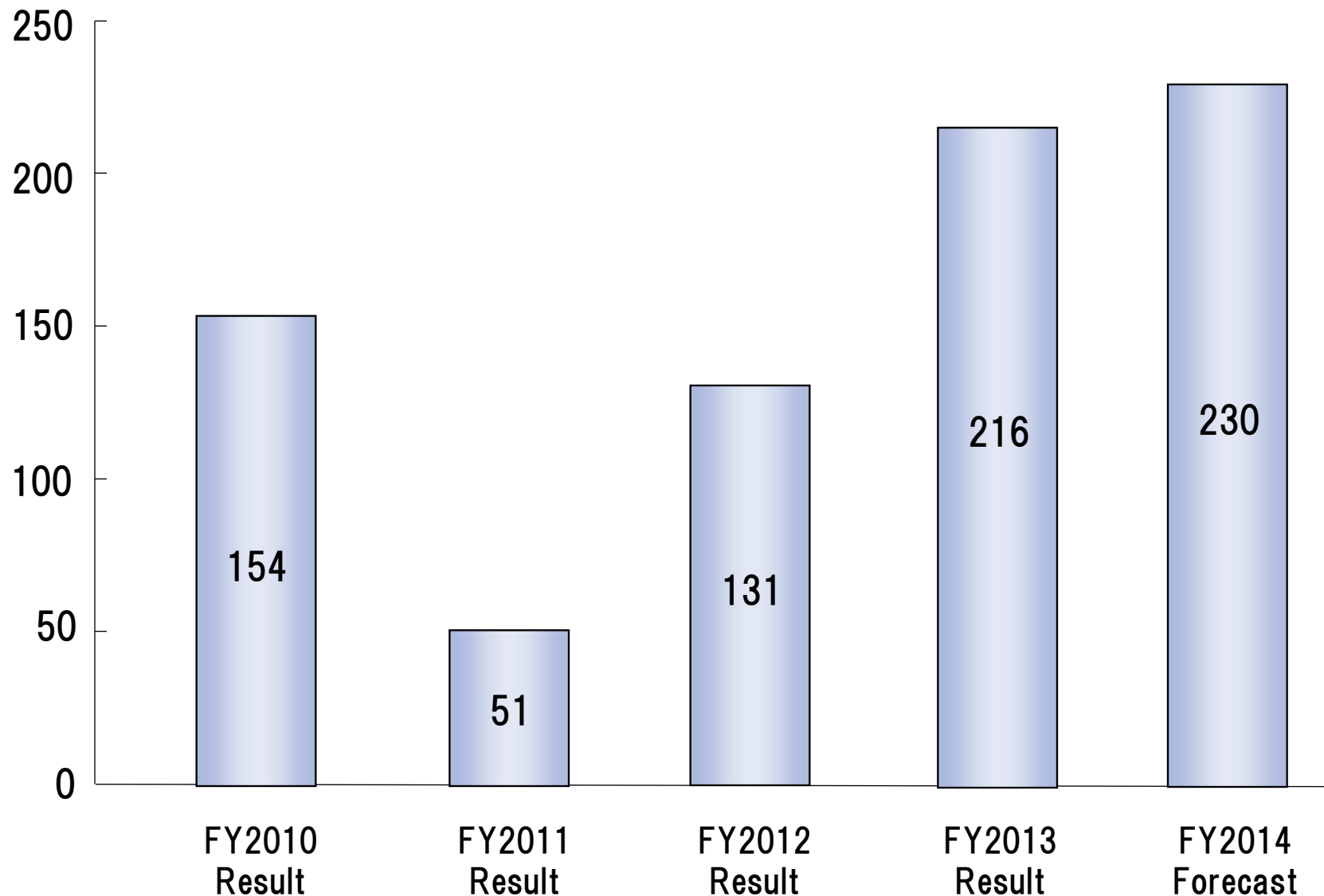
【Consolidated】 Forecast for Operating Income by Business Segment

(100 million yen)

		FY2013		FY2014		Increase (Decrease)
		Operating margin		Operating margin		
	Domestic building construction	0.6%	51	0.7%	65	13
	Overseas building construction	2.6%	62	1.8%	55	(7)
	Domestic civil engineering	3.6%	114	3.5%	110	(4)
	Overseas civil engineering	(6.7%)	(36)	(1.7%)	(10)	26
Construction Total		1.3%	191	1.4%	220	28
Real estate business and other		14.0%	128	15.3%	130	1
Total		2.0%	319	2.1%	350	30

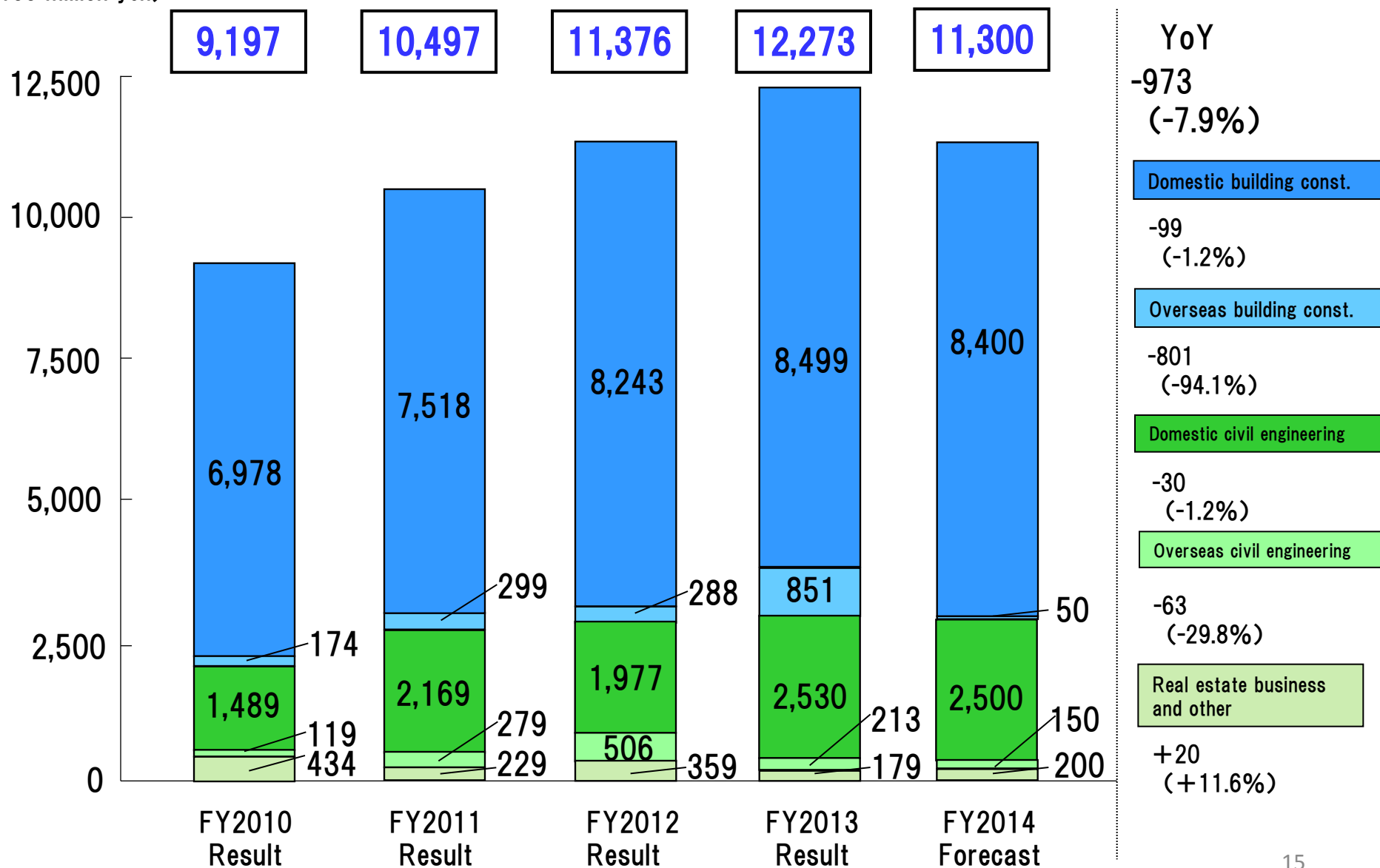
【Consolidated】 Forecast for Net Income

(100 million yen)



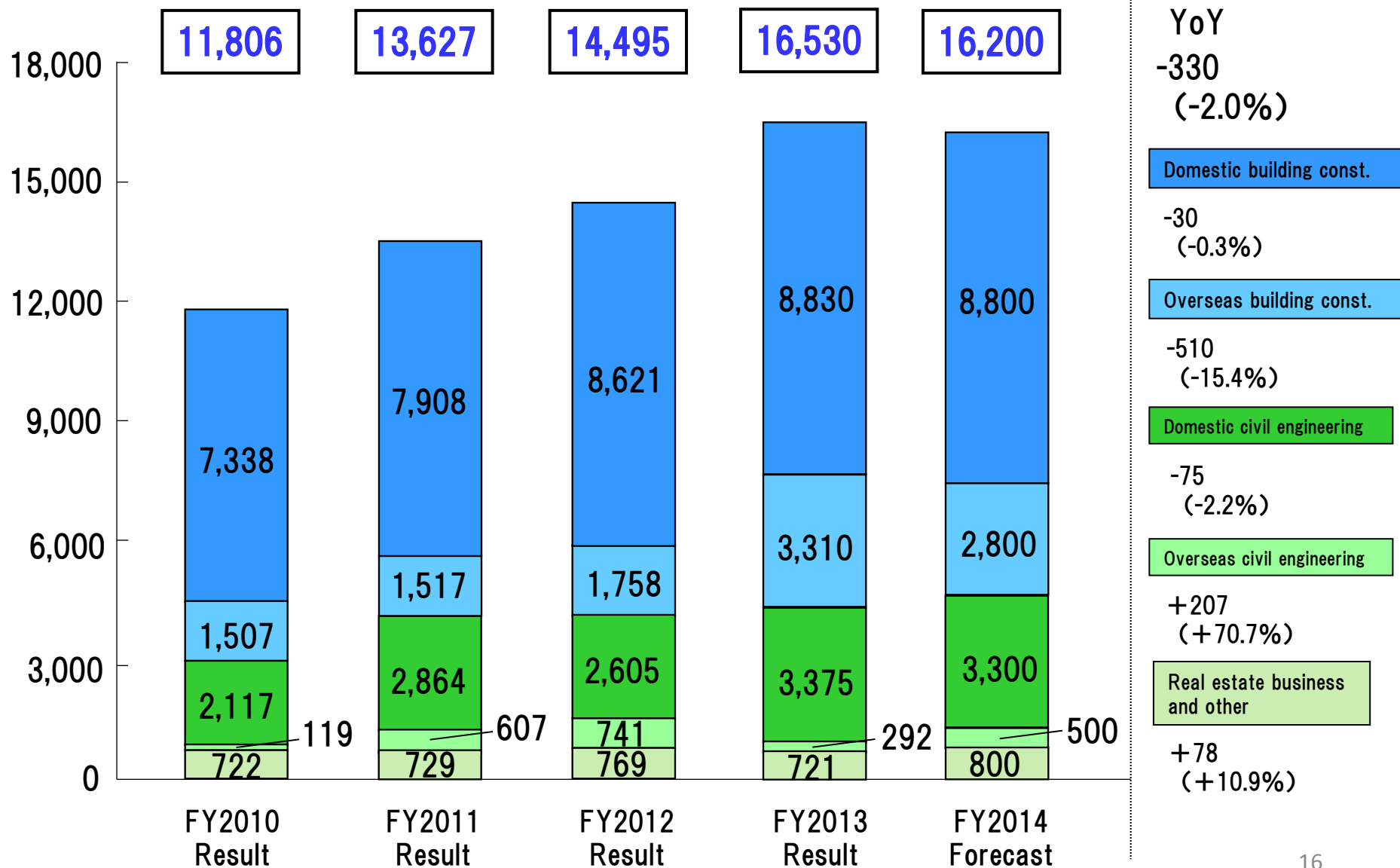
【Non-consolidated】 Forecast for Orders Received

(100 million yen)



【Consolidated】 Forecast for Orders Received

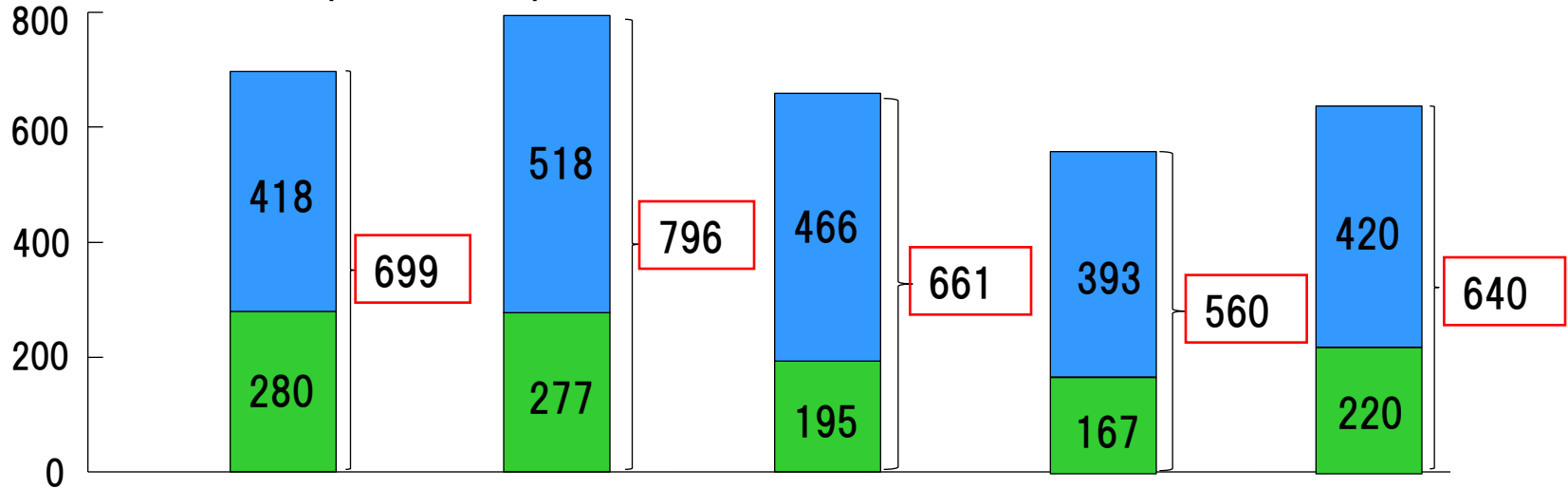
(100 million yen)



【Non-consolidated】 Transition of Gross Profit on Completed Construction Contracts

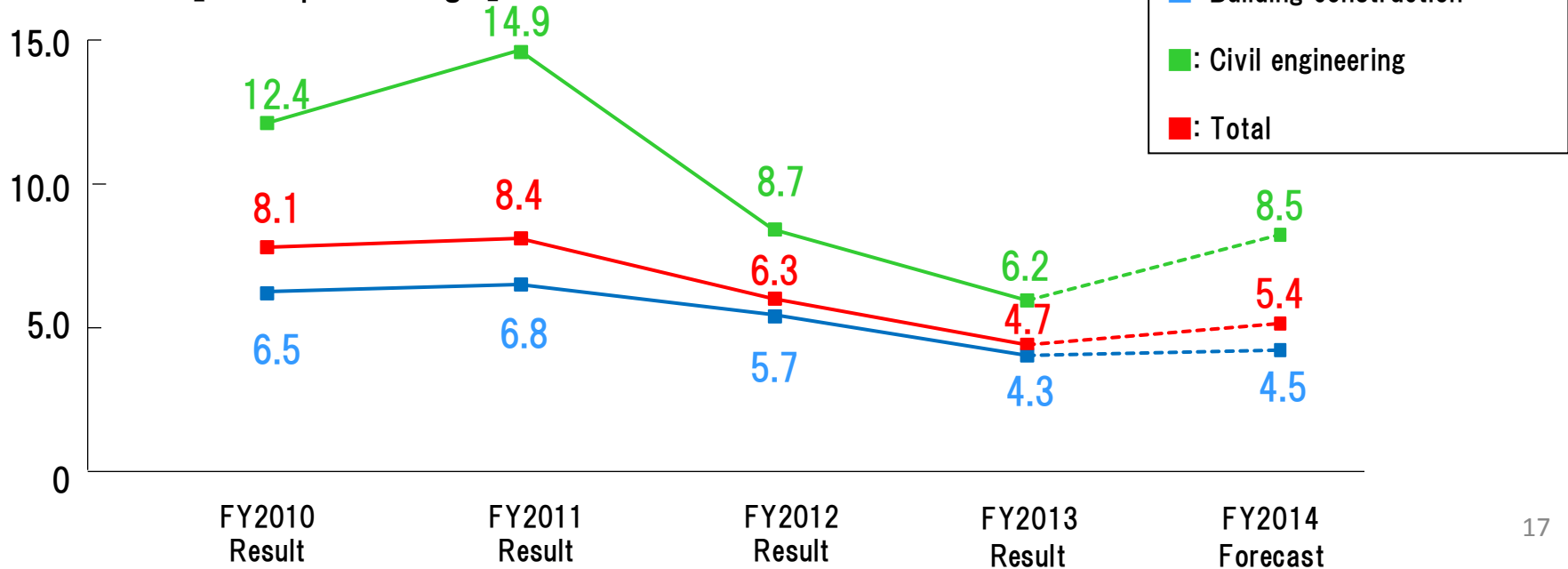
(100 million yen)

【Gross profit on completed construction contracts】



(%)

【Gross profit margin】



Progress of Obayashi Group Medium-Term Business Plan 2012



OBAYASHI

Market Environment

◇ Domestic construction investment 【Private】 Gradual upward trend 【Public】 Stay at high level

(Trillion yen)

Research Institute of Construction and Economy (Released in April, 2014)	FY2011	FY2012	FY2013		FY2014	
	(Tentative)	(Tentative)	(Forecast)	Rate of change	(Forecast)	Rate of change
Construction Investment	41.89	43.94	49.54	12.7%	48.67	△1.8%
Private Construction Investment	24.68	26.04	28.93	11.1%	28.98	0.2%
Private residential building	13.38	13.98	15.66	12.0%	15.20	△2.9%
Private non-residential building	6.96	7.11	7.94	11.7%	8.36	5.3%
Private civil engineering	4.34	4.95	5.33	7.7%	5.42	1.7%
Public Construction Investment	17.21	17.90	20.61	15.1%	19.69	△4.5%
Public building construction	2.14	2.20	2.89	31.4%	2.61	△9.7%
Public civil engineering	15.07	15.70	17.72	12.9%	17.08	△3.6%

- ◇ Construction demand remains vigorous
- ◇ Shortage of skilled construction workers still severe
- ◇ Acute increase in unit labor price continuing

◇ Project owners' change in policy to improve order environment

- Raised unit labor price at public works
- Increased estimated tender price in response to failure in tender etc.

Obayashi Corporation's Initiative

Proceed “deliberately planned marketing activity commensurate with production capacity” and “deliberate increase in production capacity”

Medium-Term Business Plan 2012 | Forecast for FY2014 (Non-consolidated) |

(100 million yen)

		FY2012		FY2013		FY2014	
		Result		Result		Forecast	
Net sales of completed construction contracts	Building	8,254		9,157		9,300	
	Civil	2,249		2,703		2,600	
		10,503		11,860		11,900	
Net sales of real estate business and other		347		225		200	
Net Sales		10,851		12,086		12,100	
Gross profit on completed construction contracts	Building	466	5.7%	393	4.3%	420	4.5%
	Civil	195	8.7%	167	6.2%	220	8.5%
		661	6.3%	560	4.7%	640	5.4%
Gross profit on real estate business and other		65	18.8%	47	21.2%	50	25.0%
Gross Profit		727	6.7%	608	5.0%	690	5.7%
Selling, general and administrative expenses		585	5.4%	581	4.8%	590	4.9%
Operating Income		142	1.3%	27	0.2%	100	0.8%
Ordinary Income		245	2.3%	113	0.9%	160	1.3%
Net Income		60	0.6%	76	0.6%	105	0.9%

Medium-Term Business Plan 2012 | Forecast for FY2014 (Consolidated) |

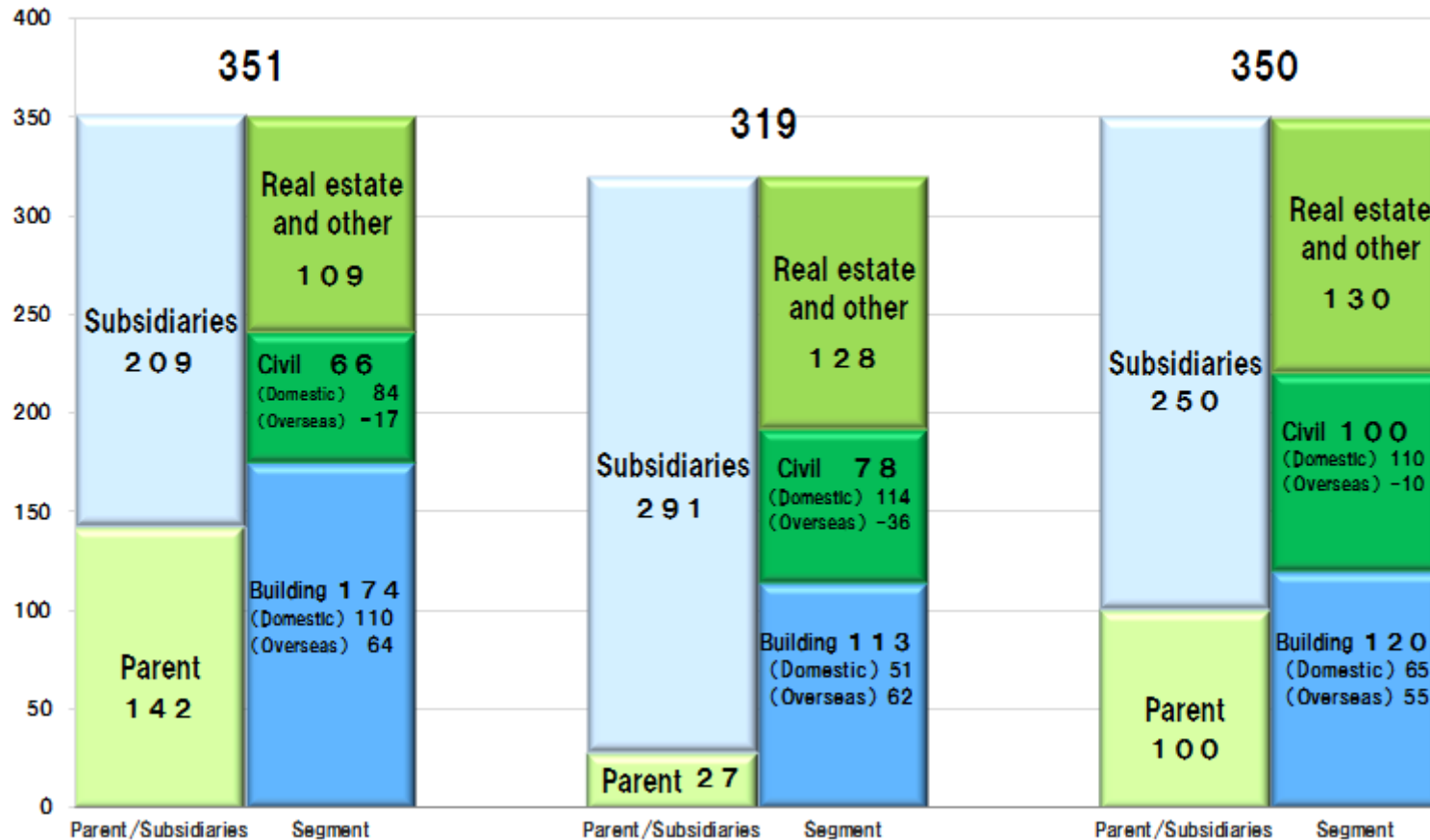
(100 million yen)

	FY2012 Result	FY2013 Result	FY2014 Forecast	【Reference】 FY2014 Initial target ※	Beyond FY2014
Net sales	Conso 14,483	Conso 16,127	Conso 17,000	15,000	Net sales (Construction)
	Non-conso 10,851	Non-conso 12,086	Non-conso 12,100		
Construction	13,431	15,210	16,150	14,000	<p>Share Overseas 25 30% Domestic 75 70%</p> <p>FY 2014 →</p>
Domestic	82%	80%	77%	80%	
Overseas	18%	20%	23%	20%	
Real estate etc.	1,051	908	820	900	
New businesses	-	8	30	100	
Operating income (Operating margin)	Conso 351 (2.4%)	Conso 319 (2.0%)	Conso 350 (2.1%)	450 (3.0%)	Operating income
	Non-conso 142 (1.3%)	Non-conso 27 (0.2%)	Non-conso 100 (0.8%)		
Domestic construction	55%	52%	50%	60%	<p>Share Other than Domestic Construction 50% Domestic Construction 50%</p> <p>FY 2014 →</p>
Other than the above (Overseas construction, real estate, new businesses etc.)	45%	48%	50%	40%	

※ Initial target when Medium-Term Business Plan 2012 was formulated.

Medium-Term Business Plan 2012 | Transition of Operating Income and Ratio of Consolidated to Parent |

Operating income (100 million yen)



FY2012
Result

2.47

FY2013
Result

11.81

FY2014
Forecast

3.50

Ratio of consolidated
to parent company's
operating income

Construction Business — Cope with Rising Construction Demand

- Deliberately planned marketing activity commensurate with production capacity
 - Considering production capacity, proceed strategic marketing activities emphasizing on profitability (100 million yen)

[Non-consolidated] Orders received	Building				Civil			
	FY2012 Result	FY2013 Result	FY2014 Forecast	Increase/Decrease	FY2012 Result	FY2013 Result	FY2014 Forecast	Increase/Decrease
Domestic	8,243	8,499	8,400	(99)	1,977	2,530	2,500	(30)
Overseas	288	851	50	(801)	506	213	150	(63)
Total	8,532	9,350	8,450	(900)	2,484	2,744	2,650	(94)

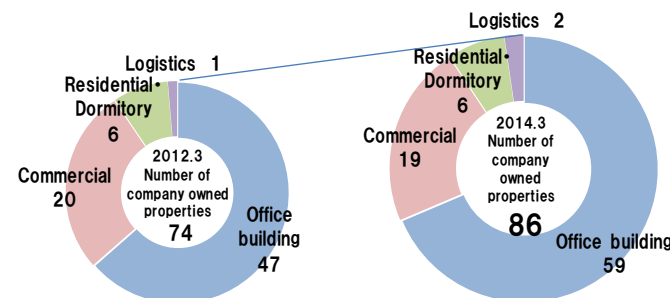
- Deliberate increase in production capacity
 - Opened vocational training facility for skilled construction workers of our supplier groups
 - Revised Obayashi Excellent Site Supervisor Certification Program
The number of target occupational categories expanded into 25

	FY2011	FY2012	FY2013	FY2014
Occupational categories subject to the progme	5	5	9	25
The number of certified supervisors	75	98	125	194



Real Estate Business — Enhance and Expand the Leasing Business as a Stable Earnings Base

- Continue to invest in properties for leasing
 - Reconstruction and value creation for existing properties
 - New acquisition of office buildings for leasing
 - Effective use of company-owned properties



Medium-Term Business Plan 2012 | Diversification of Earnings Base |

Further Strategic Global Expansion

- ◇ Overseas construction business expanding steadily, focusing on 3 regions

Raise the consolidated overseas sales ratio in the construction business to **more than 20%**

- 【Asia】 Thai Obayashi, Jaya Obayashi, Obayashi Vietnam in firm tone
- 【North America】 Webcor in recovery, Kenaidan in firm tone
- 【Middle East】 Collaborate with local partners and penetrate into markets

(100 million yen)

Consolidated overseas orders					
FY2012 Result		FY2013 Result		FY2014 Forecast	
2,500	(18%)	3,603	(23%)	3,300	(21%)

(%: Overseas orders ratio in the construction business)

Consolidated overseas sales					
FY2012 Result		FY2013 Result		FY2014 Forecast	
2,366	(18%)	2,975	(20%)	3,700	(23%)

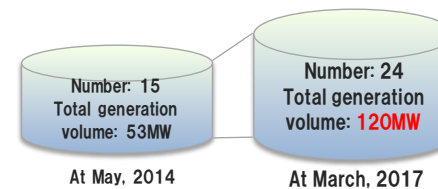
(%: Overseas sales ratio in the construction business)

Creation of New Enterprises through Business Innovation

- ◇ Renewable energy business

- Mega solar power generation business expanding steadily
- Newly entered into wind power generation business (Akita pref.) and woody biomass power generation business (Chubu region)

【Mega solar power generation business】



Initial operating cost: **38.5 billion yen**
 FY2015 : Operating income becomes profitable
 FY2017~ : Net sales exceeds **5.0 billion yen**
 FY2022 : Operating income exceeds **2.0 billion yen**
 Ordinary income exceeds **1.0 billion yen**

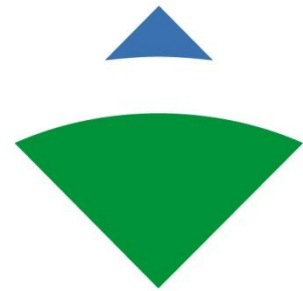
Development of Technology into Direct Sources of Profit

- ◇ Techno-Station, Obayashi Technical Research Institute's Main Building achieved **source ZEB** status

Consume net zero primary energy through energy conservation and generation of renewable energy

- Utilize this accomplishment to meet demands for energy and environmental conservation





OBAYASHI