

OBAYASHI CORPORATION

 Announcement of the Revisions for the Financial and Dividends Forecasts
 as well as the Formulation of the Medium-Term Business Plan

Tokyo, April 14, 2015 — In the light of its recent business performance, Obayashi Corporation (hereinafter referred to as the “Company”) hereby announces that it has revised its consolidated and non-consolidated financial forecasts and dividends forecasts for the fiscal year ended March 31, 2015 which were announced on February 10, 2015.

Additionally, the Company announces that it has formulated the Medium-Term Business Plan for launch in this fiscal year ending March 31, 2016.

Revised financial forecasts

Consolidated forecasts for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecasts to be revised (A) (Announced on February 10, 2015)	1,700,000	35,000	39,000	23,000	32.03 yen
Revised Forecasts (B)	1,770,000	48,000	60,000	28,000	38.99 yen
Variance (B) - (A)	70,000	13,000	21,000	5,000	
Variance Rate (%)	4.1	37.1	53.8	21.7	
(For reference) Results for the previous fiscal year ended March 2014	1,612,756	31,991	40,135	21,627	30.11 yen

Non-consolidated forecasts for the fiscal year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

(Unit: million yen, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Forecasts to be revised (A) (Announced on February 10, 2015)	1,210,000	10,000	16,000	10,500	14.62 yen
Revised Forecasts (B)	1,259,000	18,900	31,100	12,900	17.96 yen
Variance (B) - (A)	49,000	8,900	15,100	2,400	
Variance Rate (%)	4.0	89.0	94.4	22.9	
(For reference) Results for the previous fiscal year ended March 2014	1,208,677	2,789	11,331	7,651	10.65 yen

Reasons for the revisions

1 Non-consolidated forecasts

(1) Operating income

Operating income will increase by 8.9 billion yen from the previous forecast primarily due to an increase in gross profit on completed construction contracts as a result of an increase in net sales of completed

construction contracts as well as due to an increase in gross profit on real estate business as a result of sales of large-scale properties.

Gross margin on completed construction contracts is expected to be 5.4% (4.4% for building construction and 9.1% for civil engineering). (Gross margin of the previous forecast was 5.4% (4.5% for building construction and 8.5% for civil engineering)).

(2) Ordinary income and net income

Ordinary income will increase by 15.1 billion yen primarily consequent to an increase in operating income as well as recognition of foreign exchange gains of 4.6 billion yen due to progress of yen's depreciation.

On the other hand, an increase in net income will be limited to 2.4 billion yen from the previous forecast mainly consequent to the reversal of deferred tax assets of 5.3 billion yen due to the promulgation of the bill concerning corporate tax rate reduction.

2 Consolidated forecasts

Consolidated forecasts have been revised due to the revision of non-consolidated forecasts as well as an increase in operating income of subsidiaries in both construction and real estate businesses.

Revised dividends forecasts

	Dividend per share (Unit: yen)				
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	Total
Forecasts to be revised (Announced on February 10, 2015)				4.00	8.00
Revised Forecasts				6.00	10.00
Results for the fiscal year ended March 2015	—	4.00	—		
Results for the previous fiscal year ended March 2014	—	4.00	—	4.00	8.00

Reasons for the revisions

The Company's profit allocation policy is to sustain stable dividend payouts to its shareholders over the long term and provide shareholders with returns commensurate with the performance, taking into account the need to enhance internal reserves. In line with the policy, based on the revisions of financial forecasts for the fiscal year ended March 31, 2015, the Company will increase the annual dividend from 8 yen to 10 yen per share (a dividend payout ratio of 25.6%). Accordingly, the forecast of the year-end dividend has been revised to be 6 yen per share from 4 yen per share.

This matter is formally decided and executed upon resolution of the 111st ordinary general meeting of shareholders scheduled in coming June.

The Formulation of the Medium-Term Business Plan (Fiscal years 2015 to 2017)

At the board of directors meeting held today, the Company resolved to adopt "The Obayashi Group Medium-Term Business Plan 2015 ~Toward social safety, security and further stable management~ Evolution 2015" which was formulated for launch in this fiscal year 2015 ending March 2016.

Major management indices (Consolidated)

(Unit: billion yen, %)

	FY2015	FY2016	FY2017
Net Sales	About 1,700.0		
Construction business	About 1,600.0 (Ratio of overseas sales: 25%)		
Real estate business	50.0~60.0		
New businesses	22.0	22.0	28.0
Others	About 10.0		
Operating income	(Stably) About 45.0		
Domestic construction Other than the above (overseas construction, real estate, and new businesses, etc.)	60% 40%	55% 45%	→
EBITDA ※	59.0	61.0	63.0
Domestic construction Other than the above	55% 45%	53% 47%	51% 49%
Ordinary income	About 50.0		
※EBITDA=Operating income+depreciation and amortization (Earnings Before Interest, Taxes, Depreciation and Amortization)			
Interest-bearing debt	About 400.0 (End of March 2018)		
D/E ratio (time)	About 0.9		
ROE	(Medium to long-term) About 8%		
Dividend payout ratio	20%~30%		

Further details have been posted on the company's website.

URL	http://www.obayashi.co.jp/ir/medium_term_plan
Posting date	April 14, 2015

Other issues for investors to properly understand and evaluate company information

The consolidated and non-consolidated forecasts for the fiscal year ending March 2016 will be announced in coming May, when the financial results for the fiscal year ended March 2015 are disclosed.

(For reference) Non-consolidated orders received for the fiscal year ended March 2015 (Unit: billion yen)

	Forecasts announced on February 10	Results for the fiscal year ended March 2015	Variance	(For reference) Results for the previous fiscal year ended March 2014
Building Construction (of which overseas)	845.0 (5.0)	956.0 (7.1)	111.0 (2.1)	935.0 (85.1)
Civil Engineering (of which overseas)	265.0 (15.0)	322.2 (10.0)	57.2 (-4.9)	274.4 (21.3)
Construction Total (of which overseas)	1,110.0 (20.0)	1,278.2 (17.2)	168.2 (-2.7)	1,209.4 (106.4)

Disclaimer

This "Announcement of the Revisions for the Financial and Dividends Forecasts as well as the Formulation of the Medium-Term Business Plan", announced in the Japanese language at the Tokyo Stock Exchange on April 14, 2015, was translated into English and presented solely for the convenience of non-Japanese speaking users. If there is any discrepancy between the Japanese announcement and this English translation, the former will prevail. The numbers shown in any such words or phrases relating to any future events as, among other expressions, "forecast", "expected" or "projected" provided in this document are forward-looking statements based on the information available at the time of the release of the Japanese original. Due to various factors, the actual result may vary from the forecast data.

If you have any questions, please contact Obayashi investor relations at irk@ml.obayashi.co.jp.

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