

Investor Presentation



**Financial Results for 2Q/FY2011 (cumulative)
and
Outlook for Full FY2011**

November 9, 2011

OBAYASHI CORPORATION

Disclaimer

This investor presentation, an English translation of the presentation made at the investor meeting at Obayashi Corporation (Tokyo, Japan) on November 9, 2011 as a digest of Obayashi Corporation's "Summary of the 2nd Quarter (cumulative) Financial Results for FY2011 ending March 2012" ("Kessan Tanshin") disclosed at the Tokyo Stock Exchange on November 9, 2011, 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-en" unless otherwise specified.



Financial Results for 2Q/FY2011 (Cumulative) and Forecasts for Full FY2011

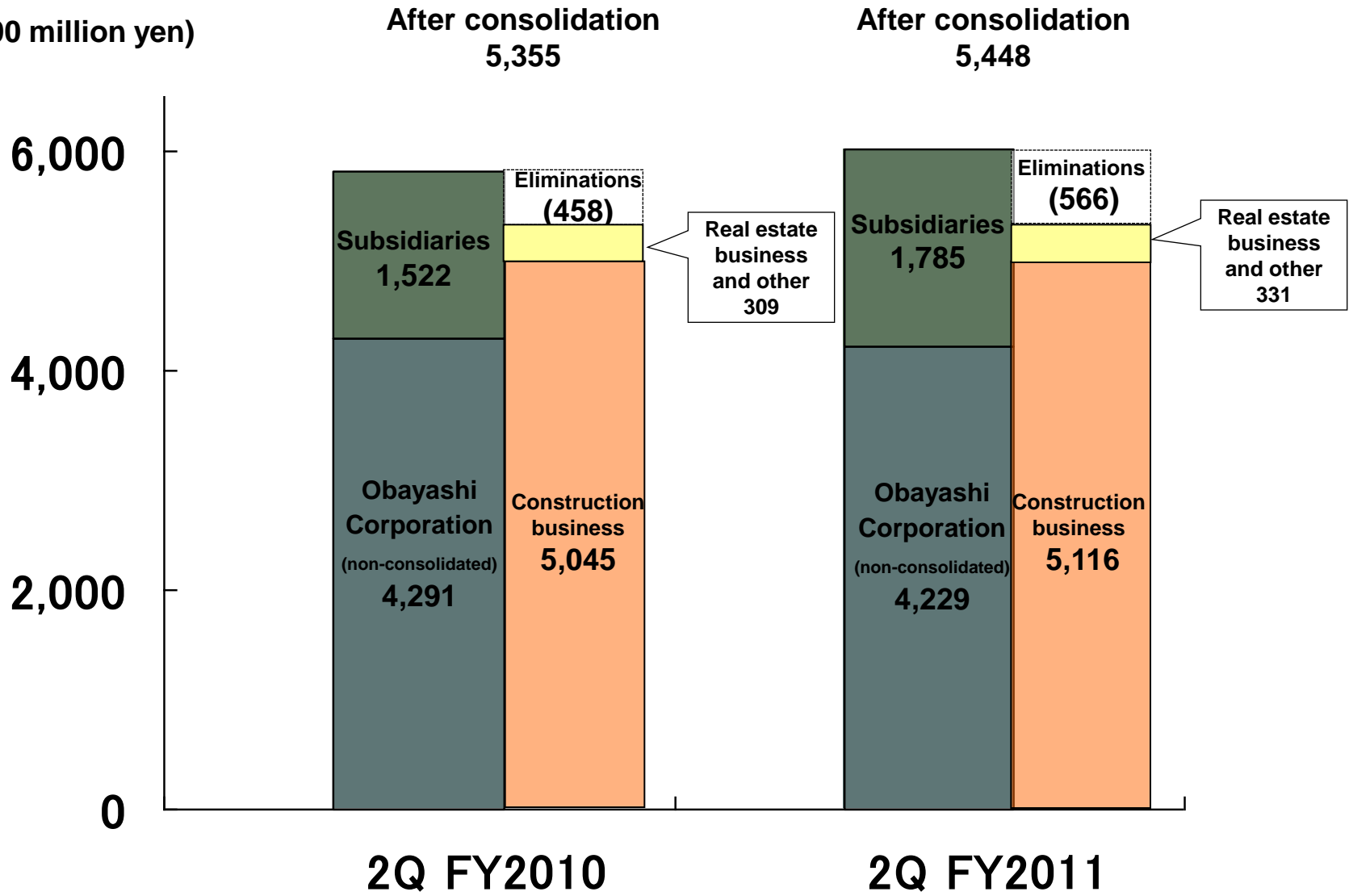
【Consolidated】 Overview of Financial Results

(100 million yen)

	2Q FY2010	2Q FY2011	Increase (decrease)
Net sales	5,355	5,448	92
Gross profit	466	453	(13)
Operating income	82	63	(19)
Ordinary income	74	61	(12)
Net income	49	115	65

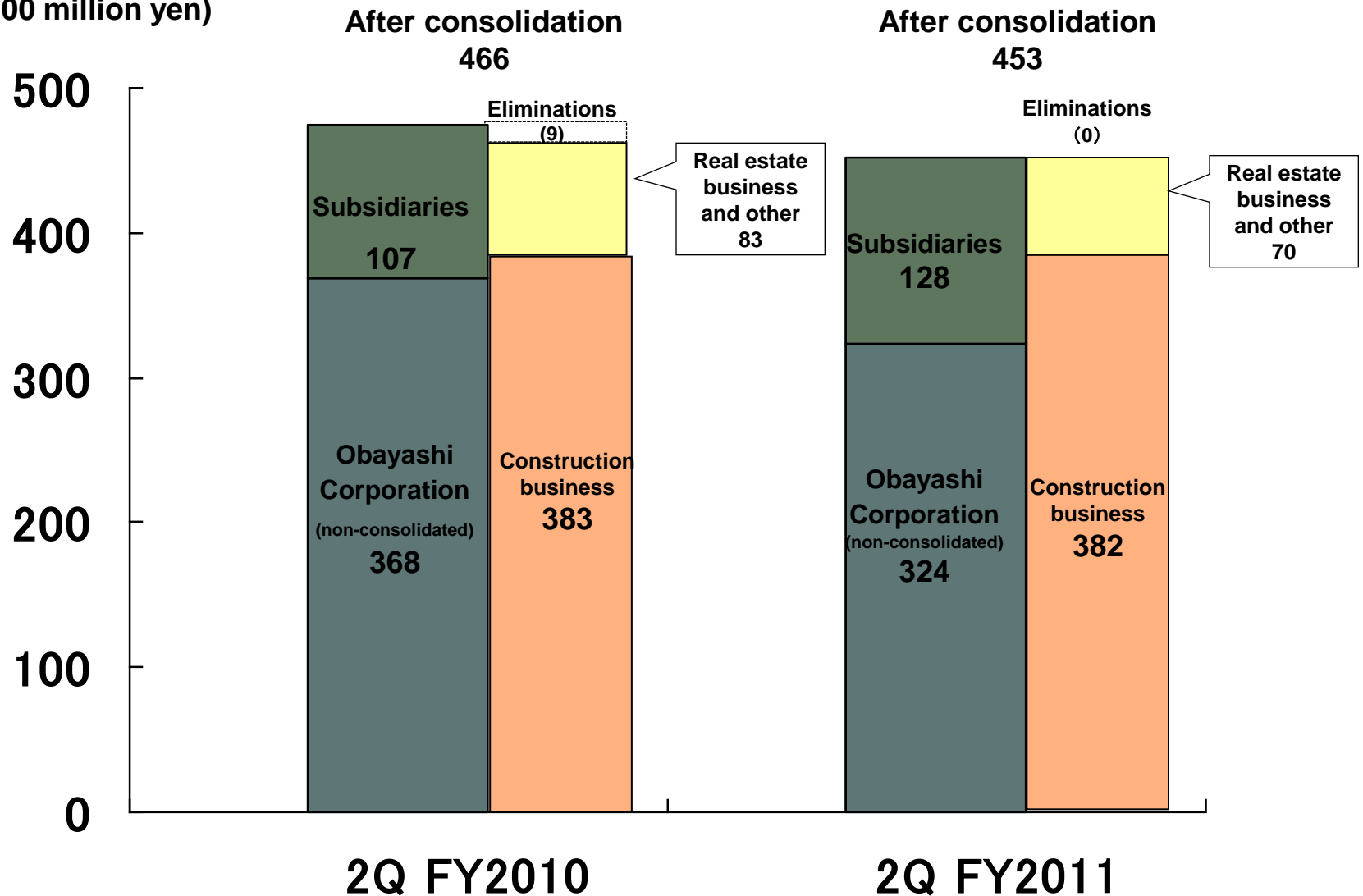
【Consolidated】 Net Sales

(100 million yen)



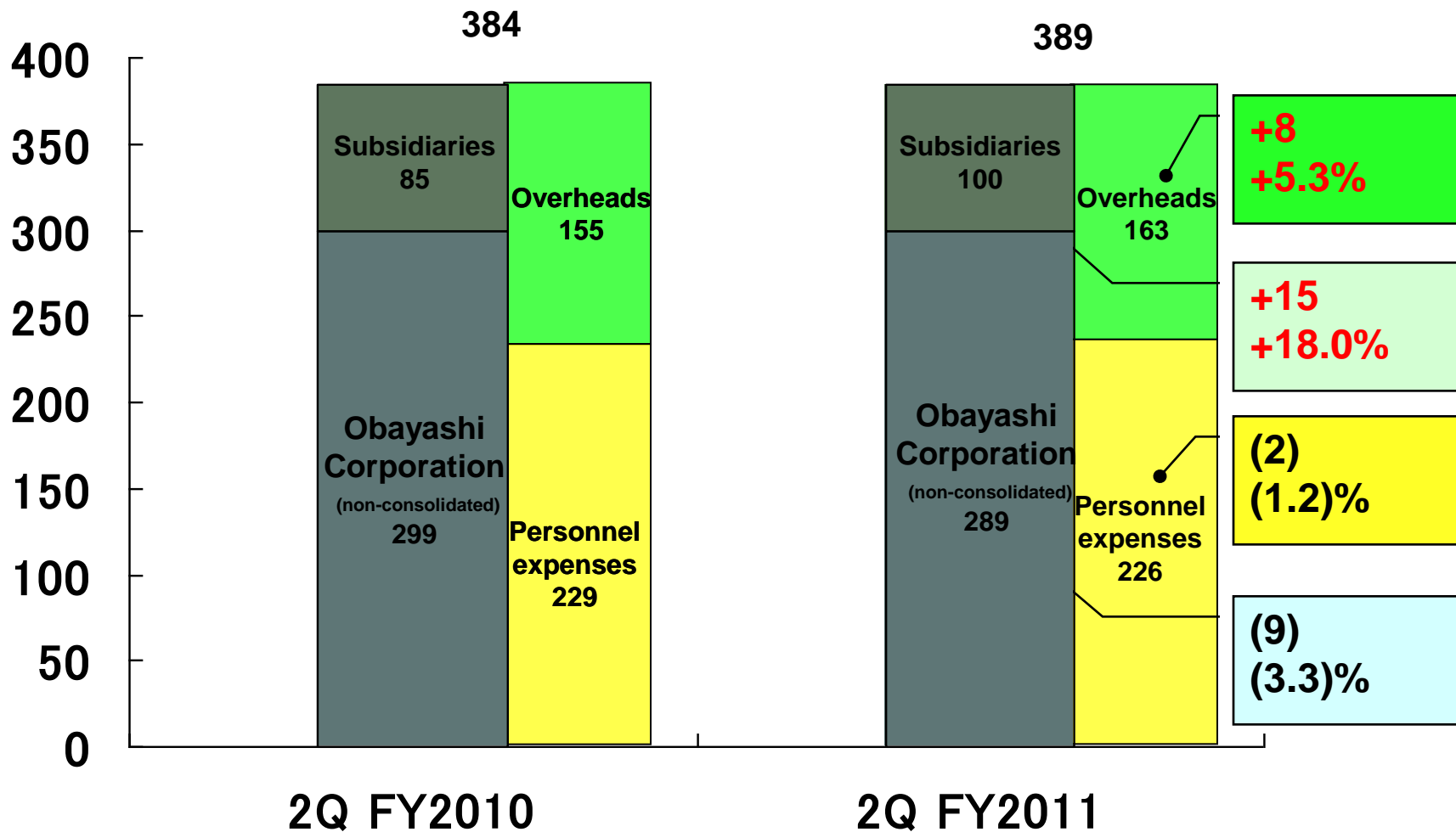
【Consolidated】 Gross Profit

(100 million yen)

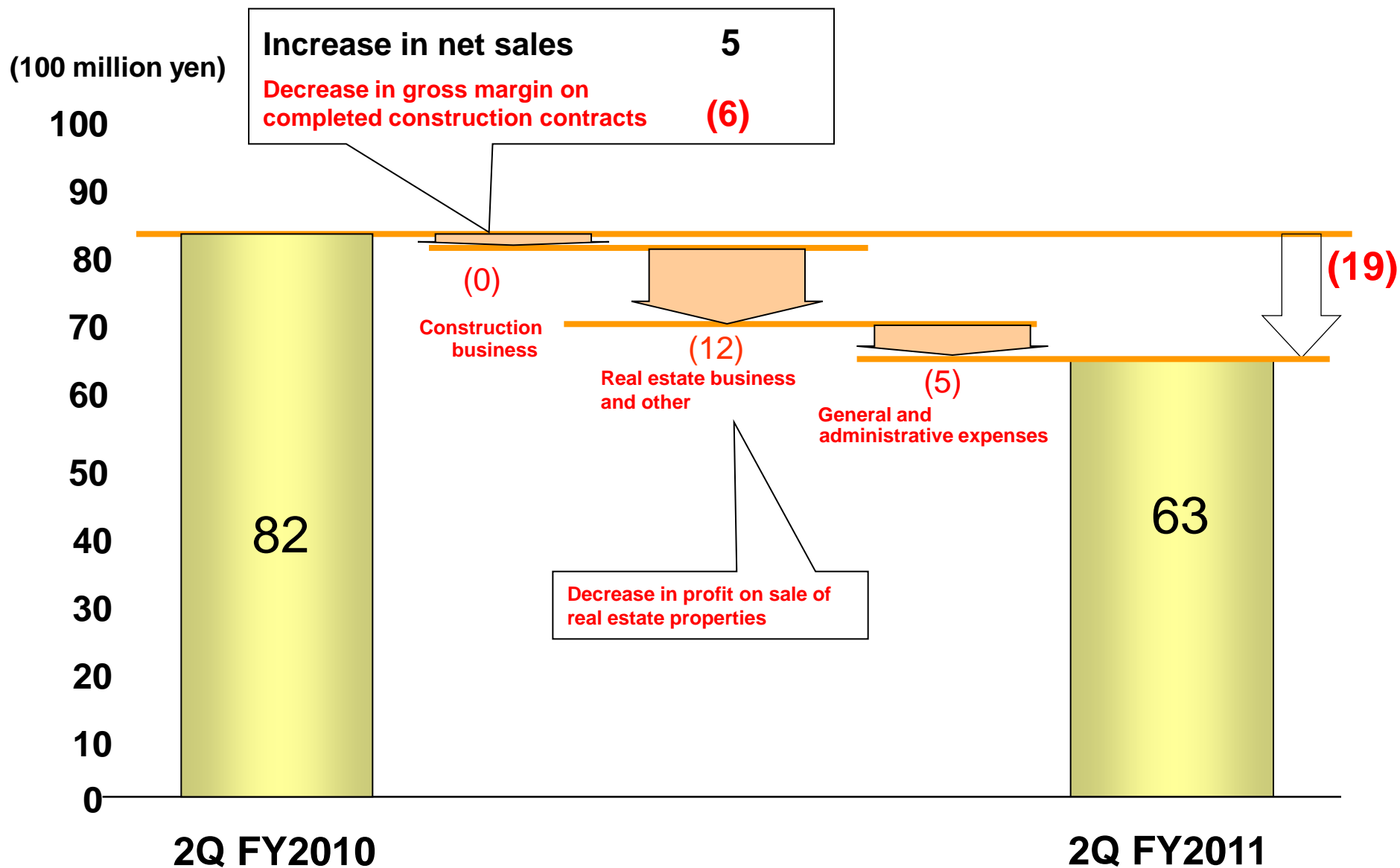


【Consolidated】 General and Administrative Expenses

(100 million yen)

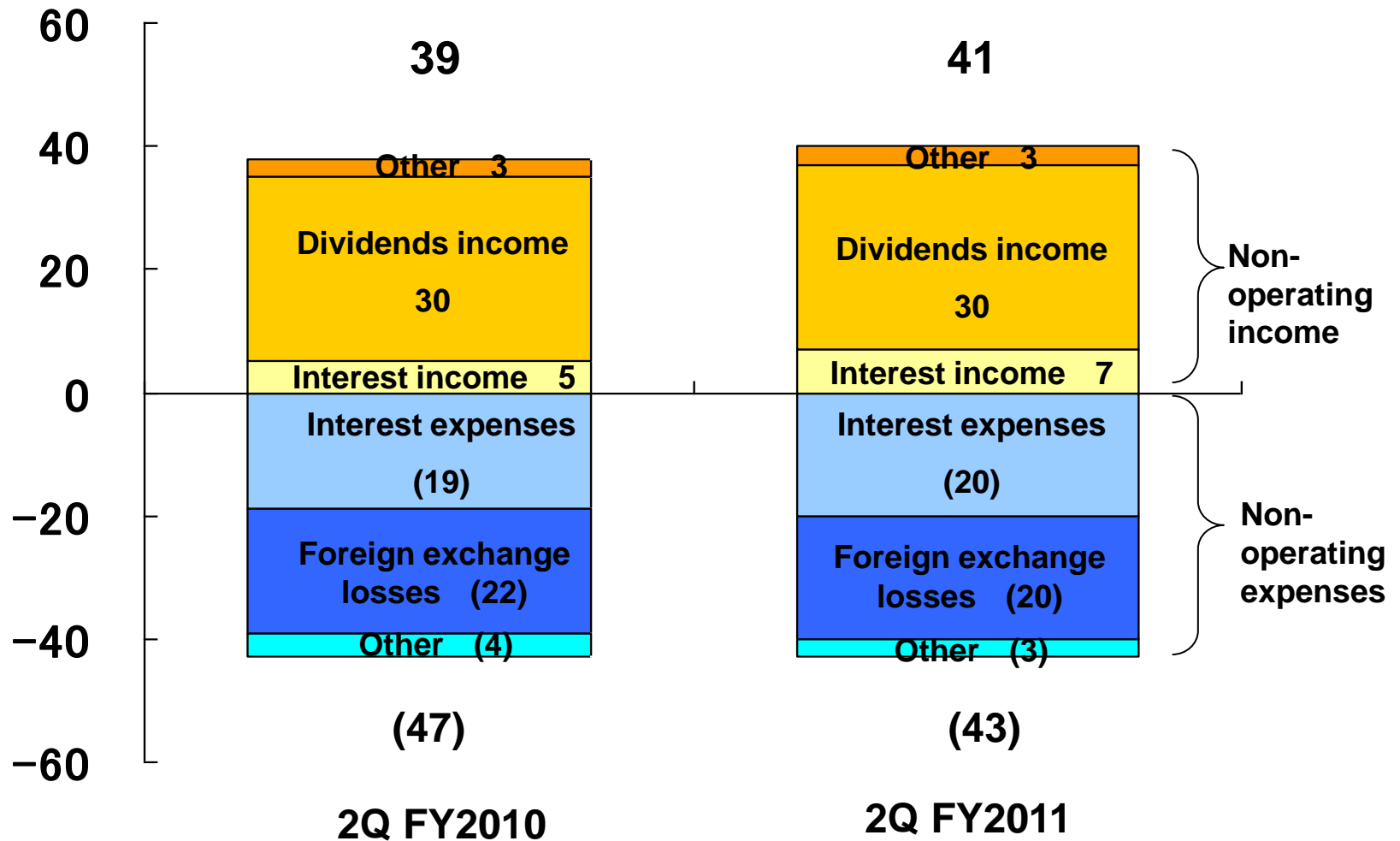


【Consolidated】 Causes of Variance in Operating Income



【Consolidated】 Non-operating Income and Expenses

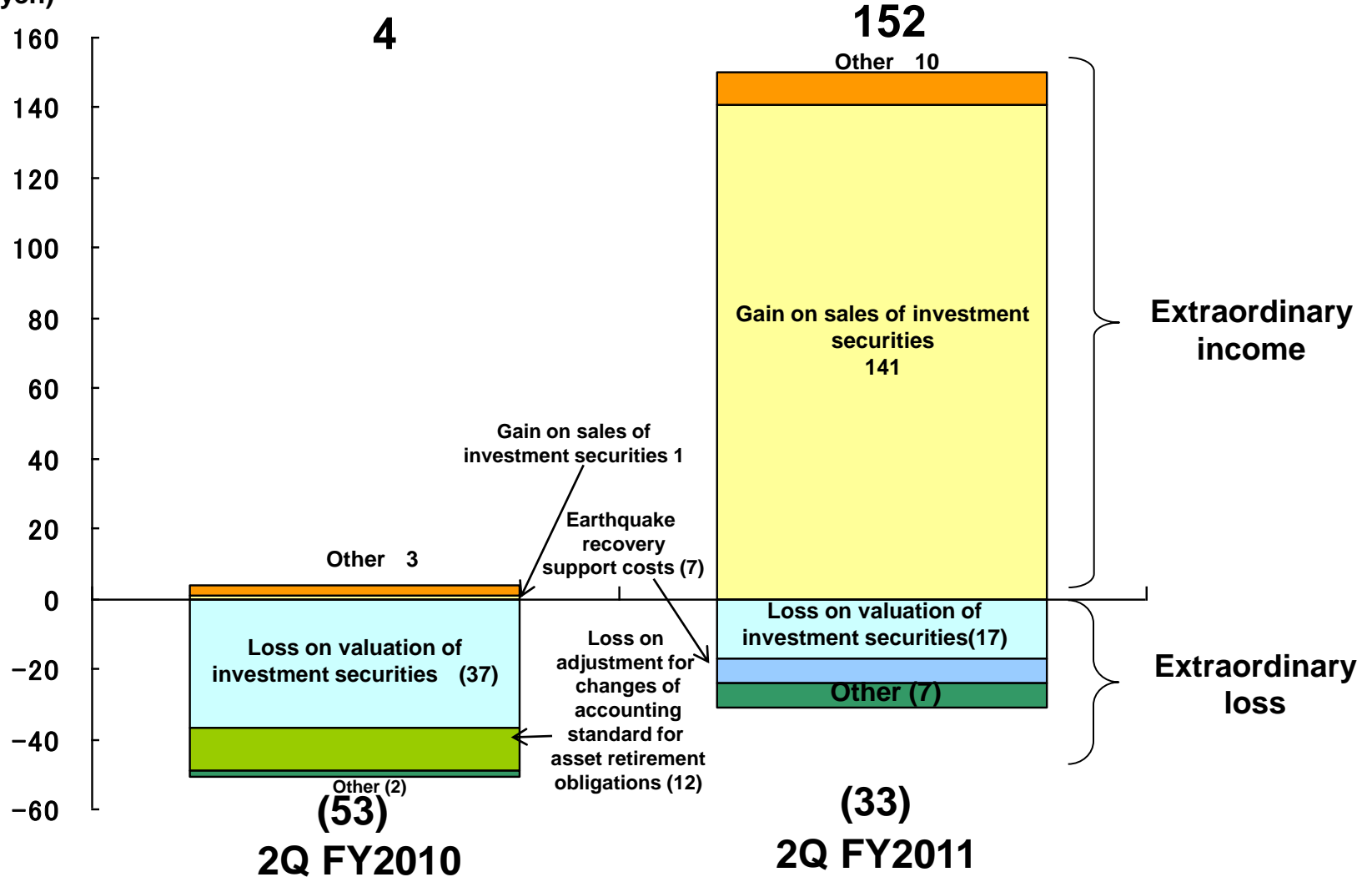
(100 million yen)



Non-operating balance	(8)	(1)	Variance 6
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【Consolidated】 Extraordinary Income and Loss

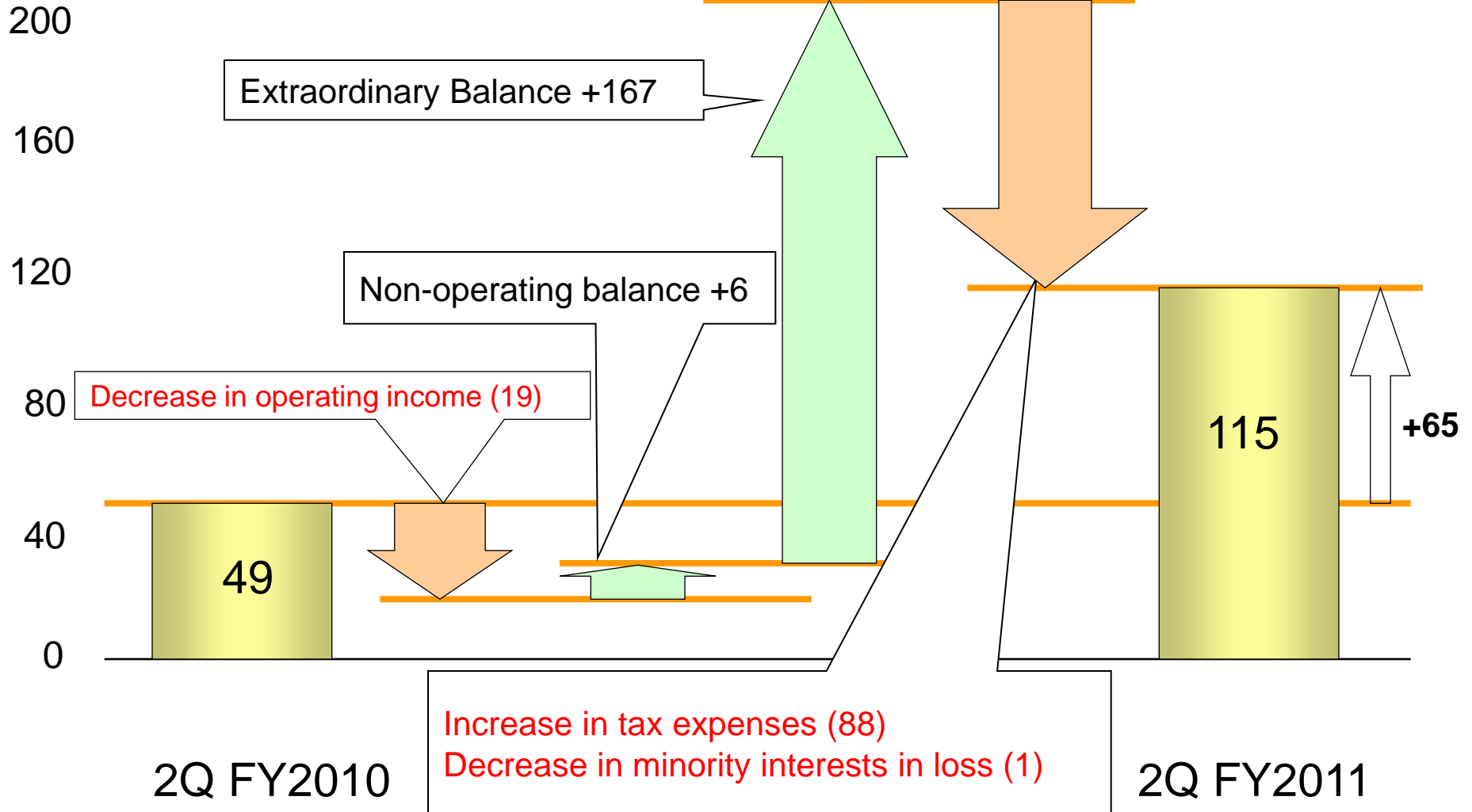
(100 million yen)



Extraordinary balance	(48)	119	Variance 167
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【Consolidated】 Net Income

(100 million yen)



【Consolidated】 Comprehensive Income (2Q FY2011)

(100 million yen)

120

100

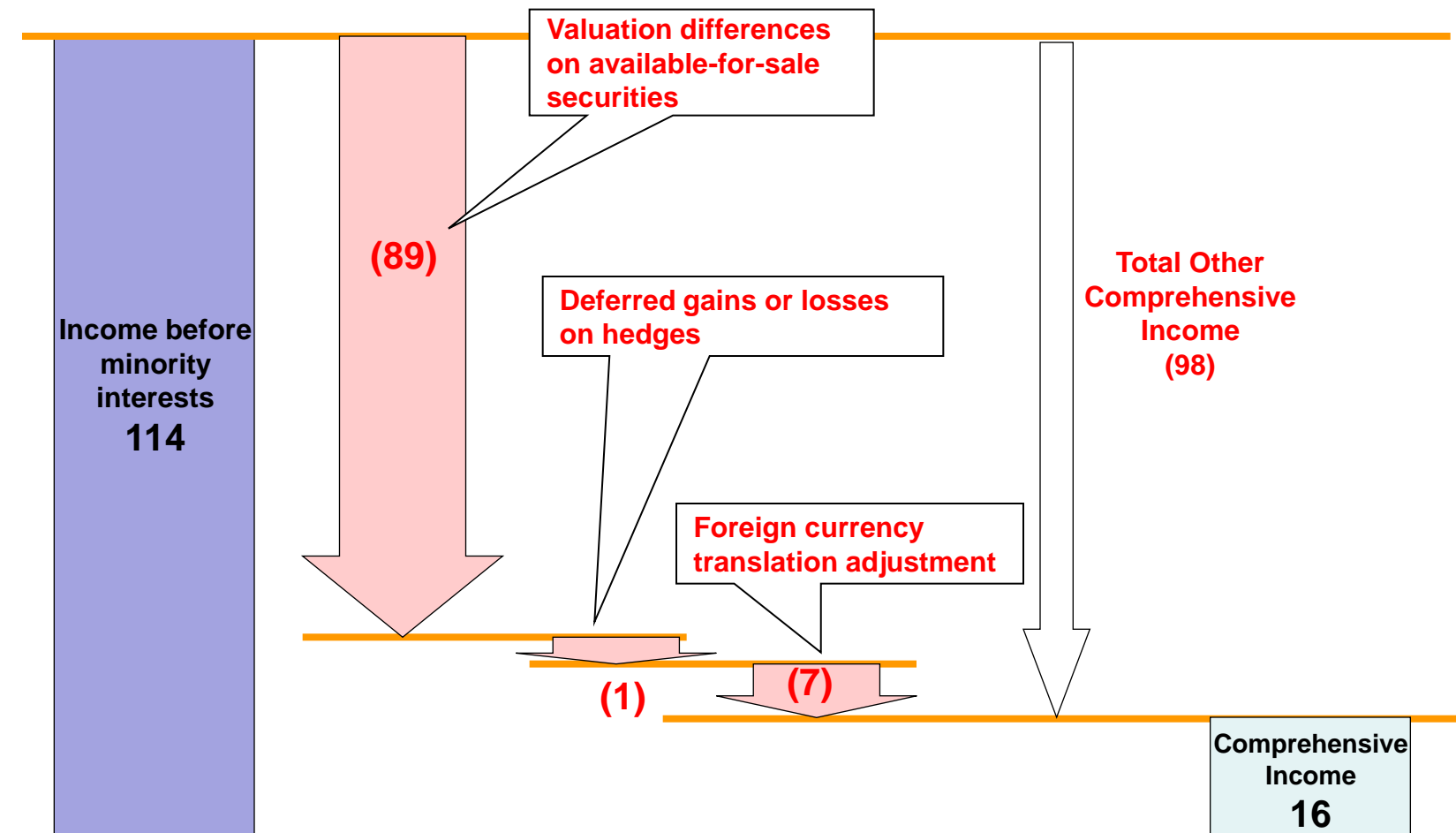
80

60

40

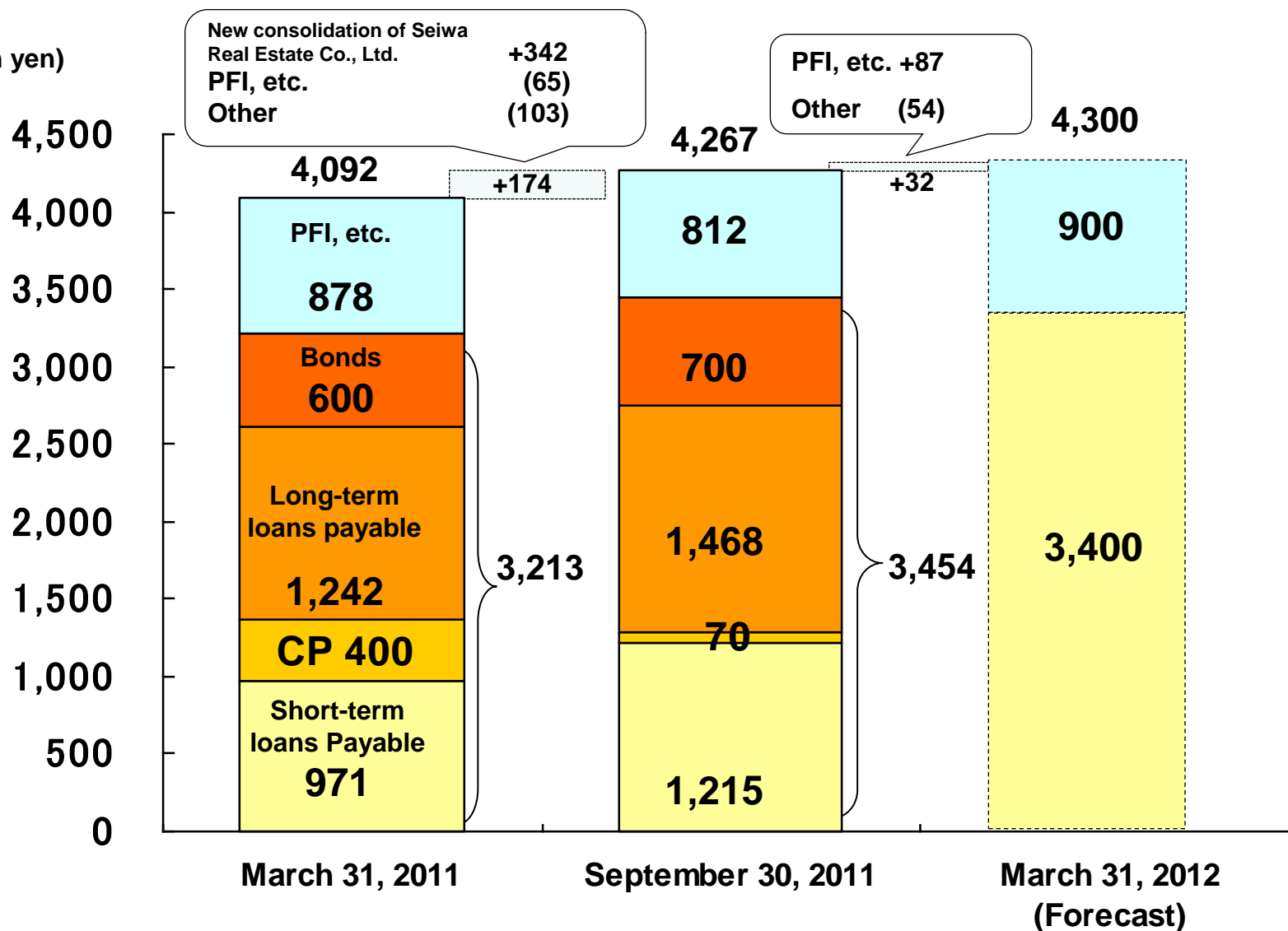
20

0



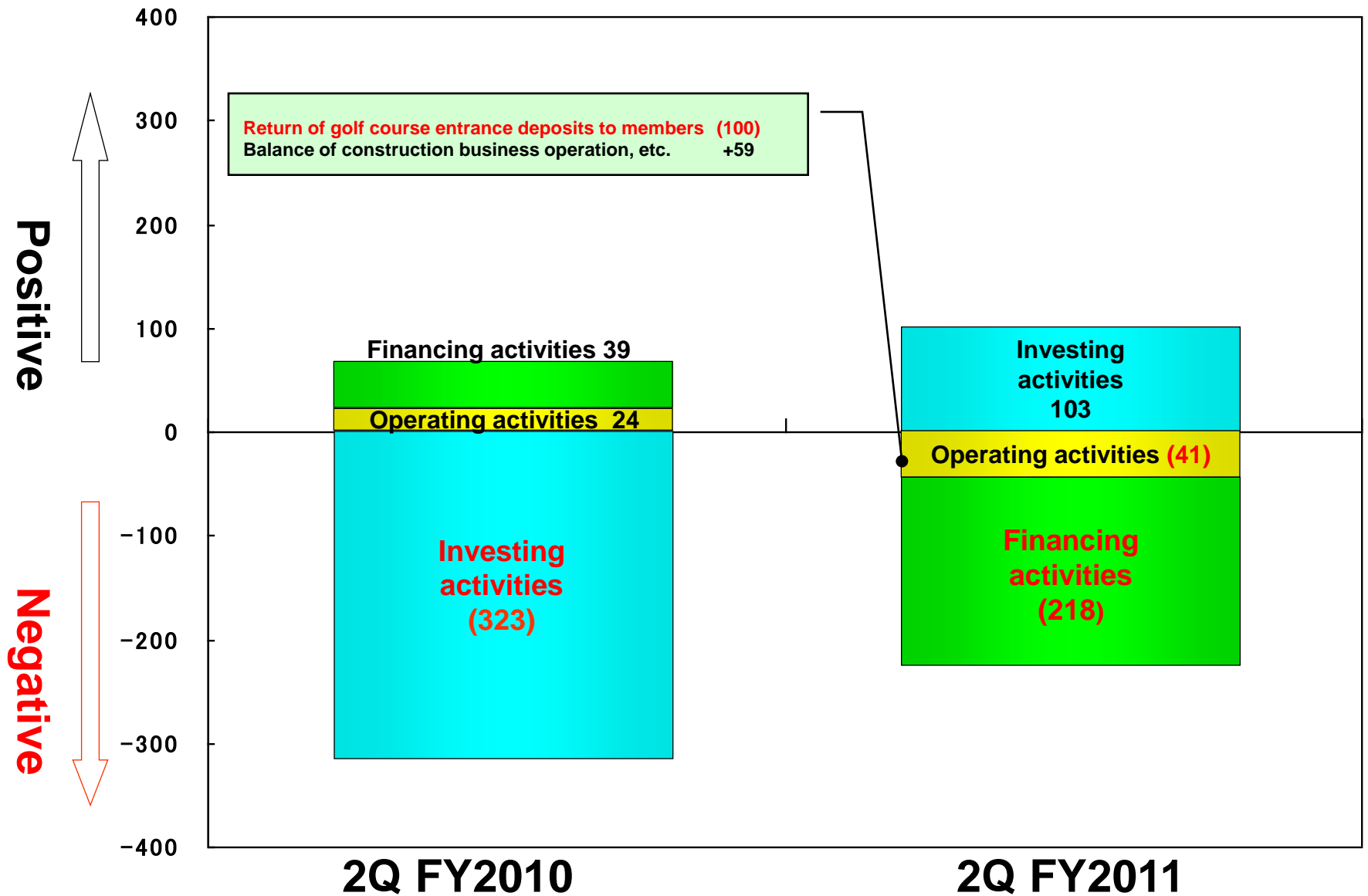
【Consolidated】 Transition of Interest-bearing Liabilities

(100 million yen)



【Consolidated】 Cash Flows

(100 million yen)



【Consolidated】 Forecast for FY2011

(100 million yen)

	FY2010	FY2011 Forecast	Increase (decrease)
Net sales	11,318	12,800	1,481
Gross profit	997	1,075	77
Operating income	231	280	48
Ordinary income	222	285	62
Net income	154	150	(4)

【Non-consolidated】 Forecast for Net Sales

Total

10,576

9,092

9,700

9,850

+150

YoY

Total
+757

Real estate business and other
(283)

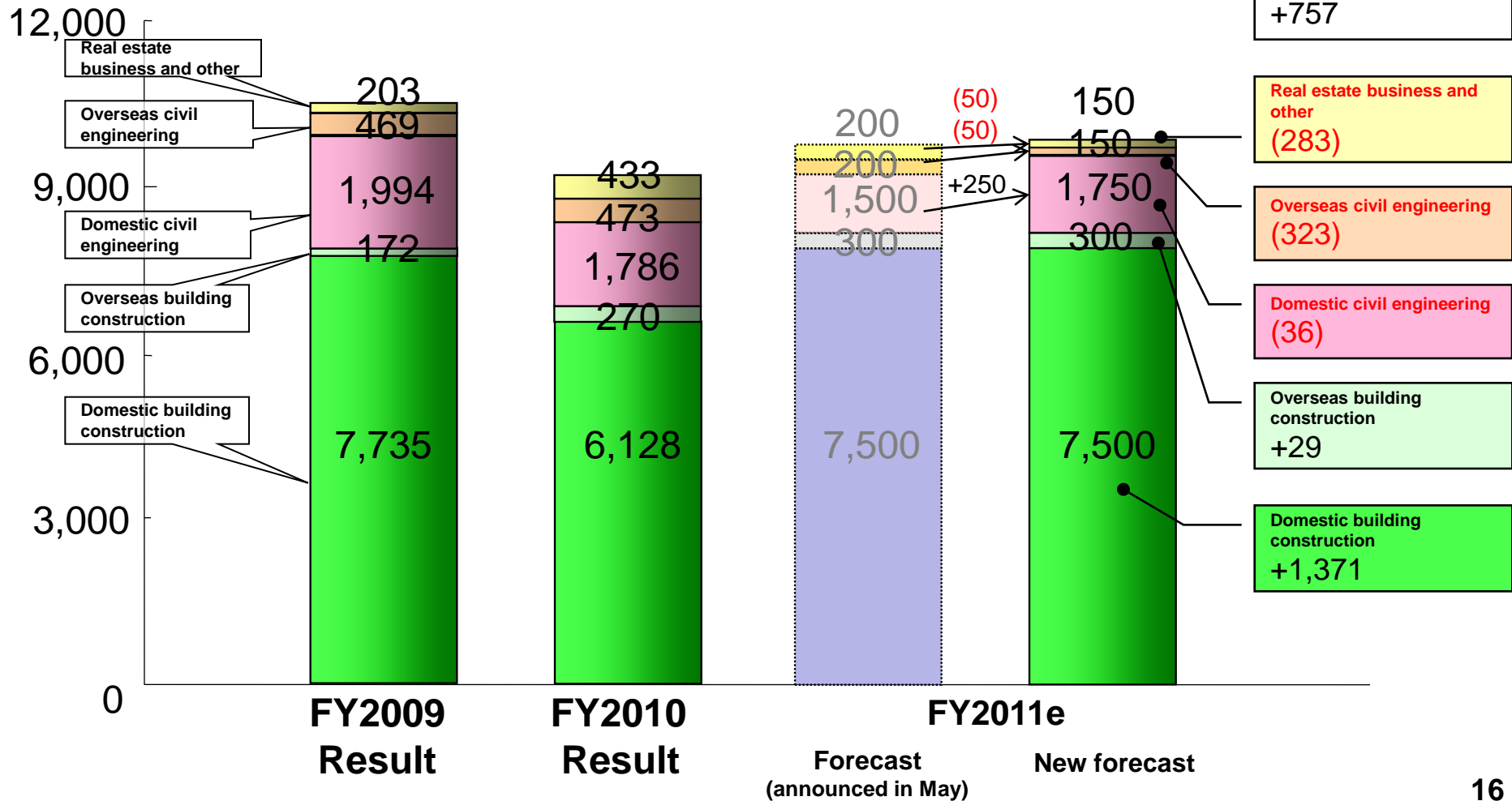
Overseas civil engineering
(323)

Domestic civil engineering
(36)

Overseas building construction
+29

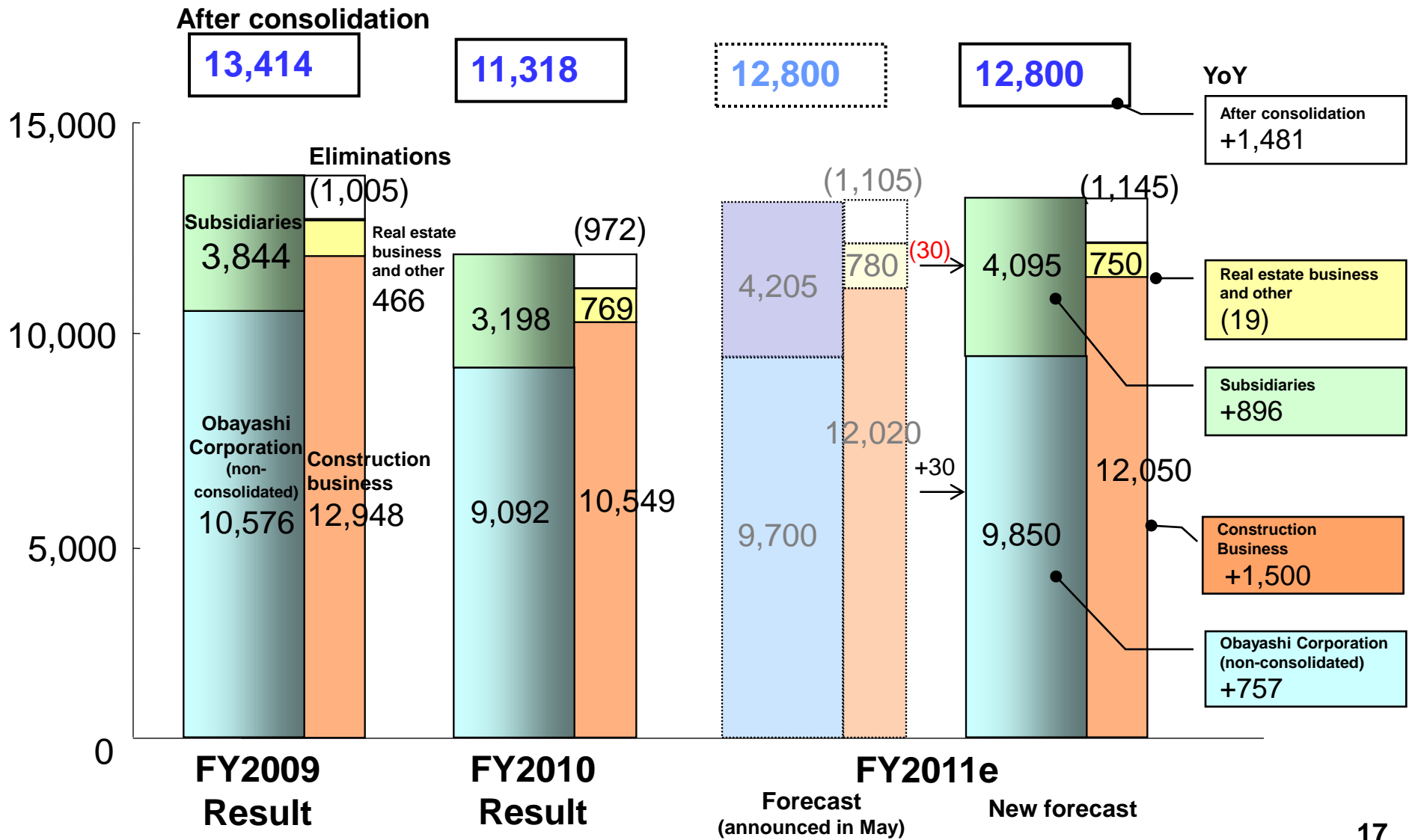
Domestic building construction
+1,371

(100 million yen)

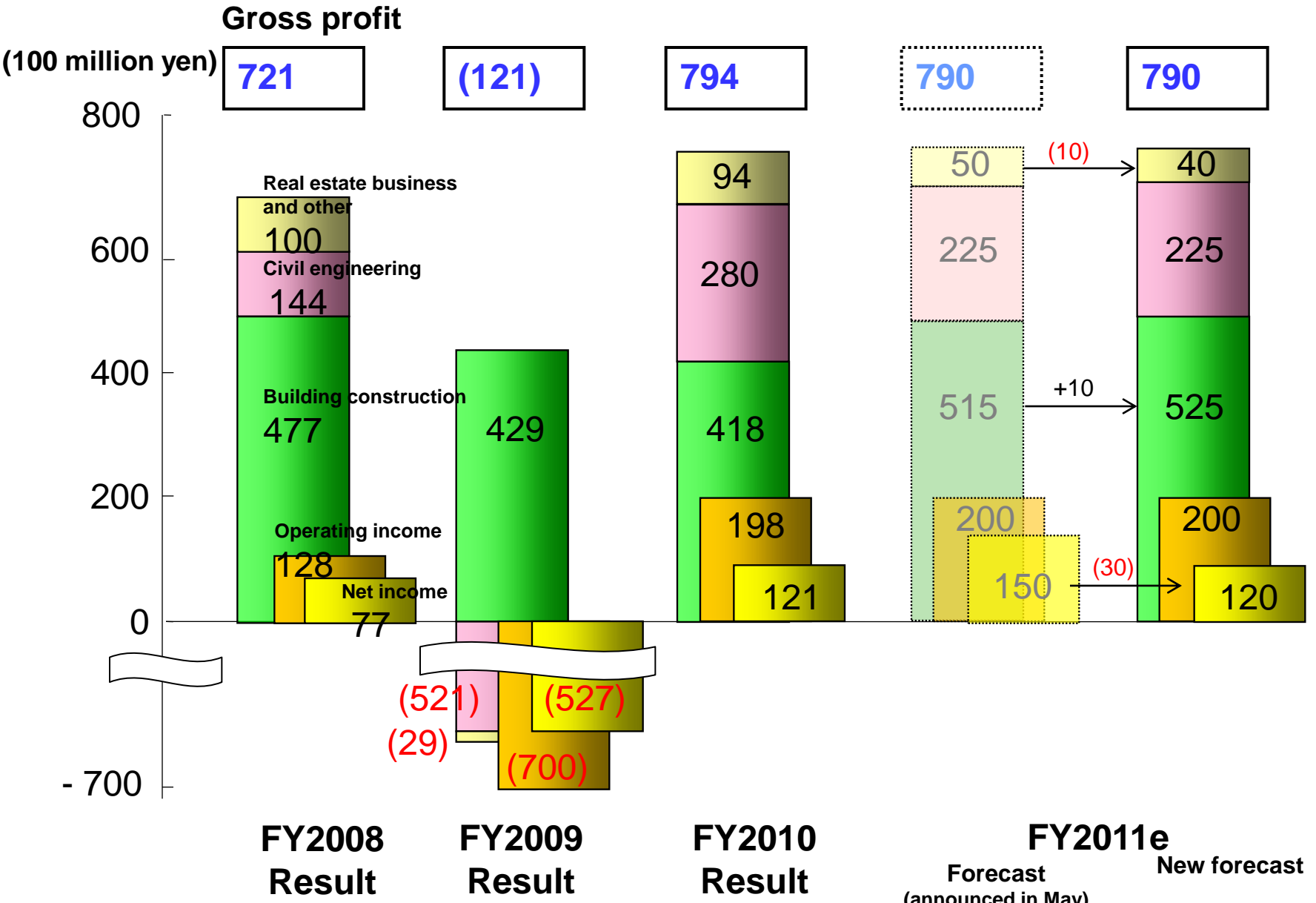


【Consolidated】 Forecast for Net Sales

(100 million yen)



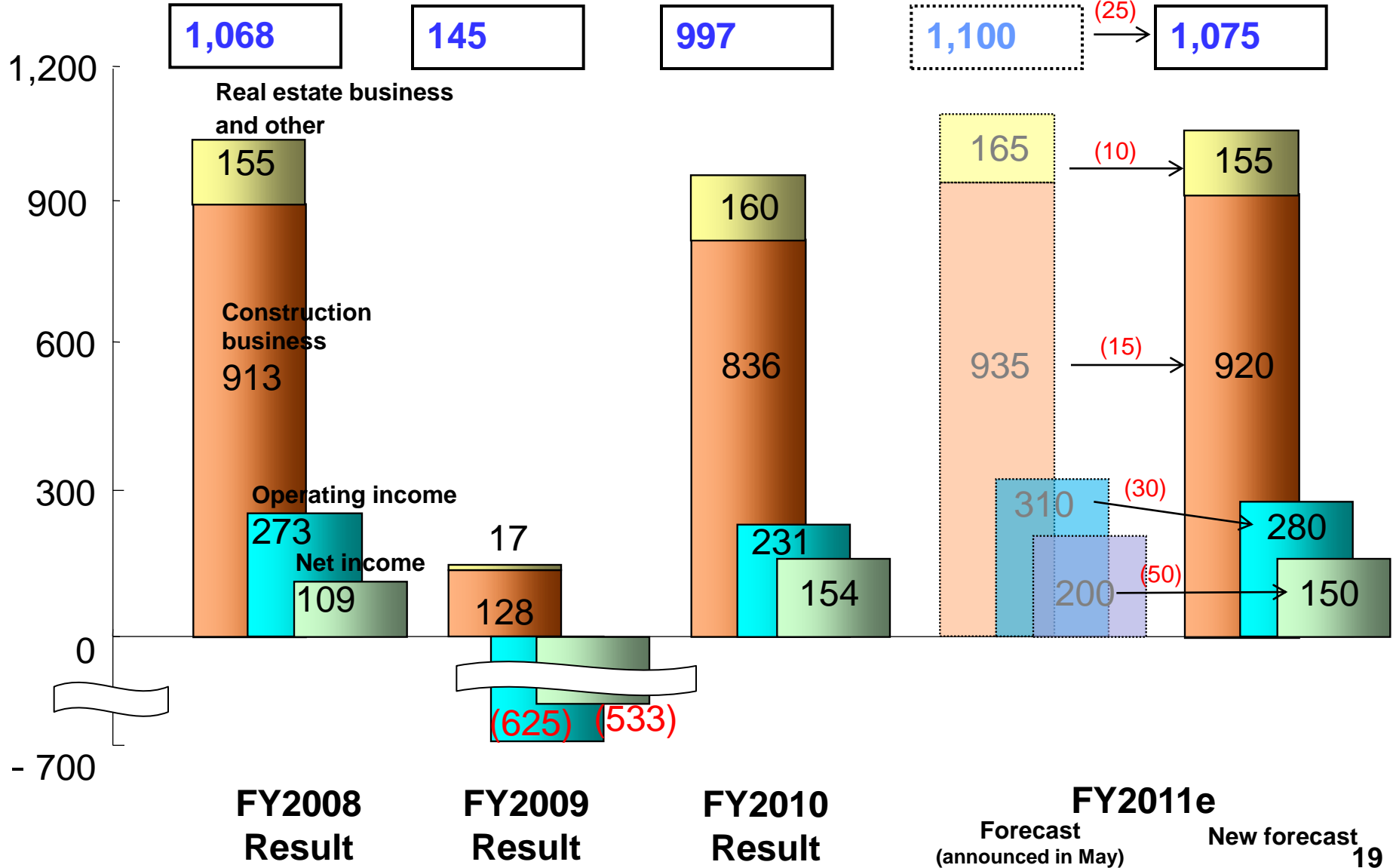
【Non-consolidated】 Forecast for Gross Profit, Operating Income and Net Income



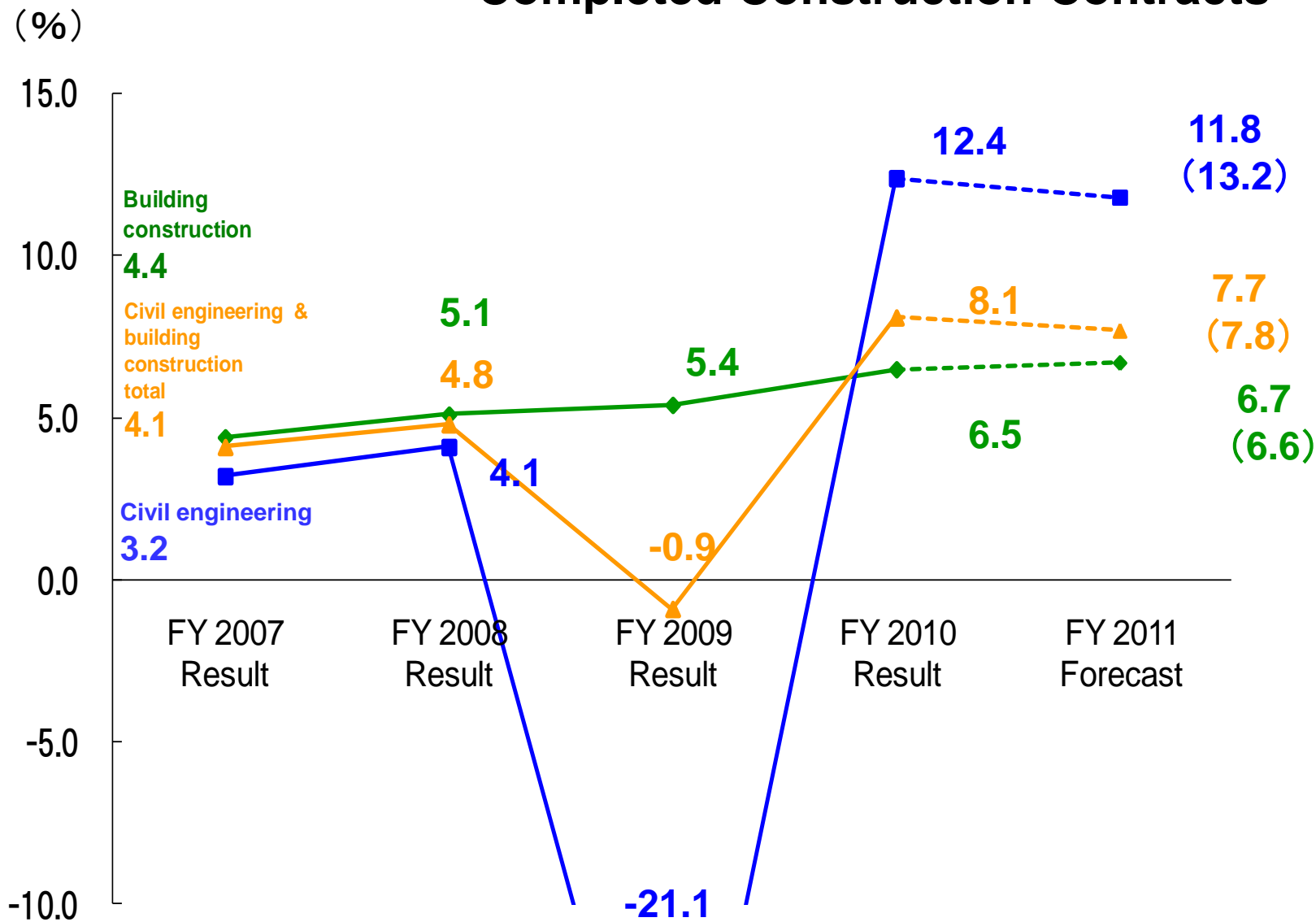
【Consolidated】 Forecast for Gross Profit, Operating Income and Net Income

(100 million yen)

Gross profit



【Non-consolidated】 Transitions of Gross Margin on Completed Construction Contracts

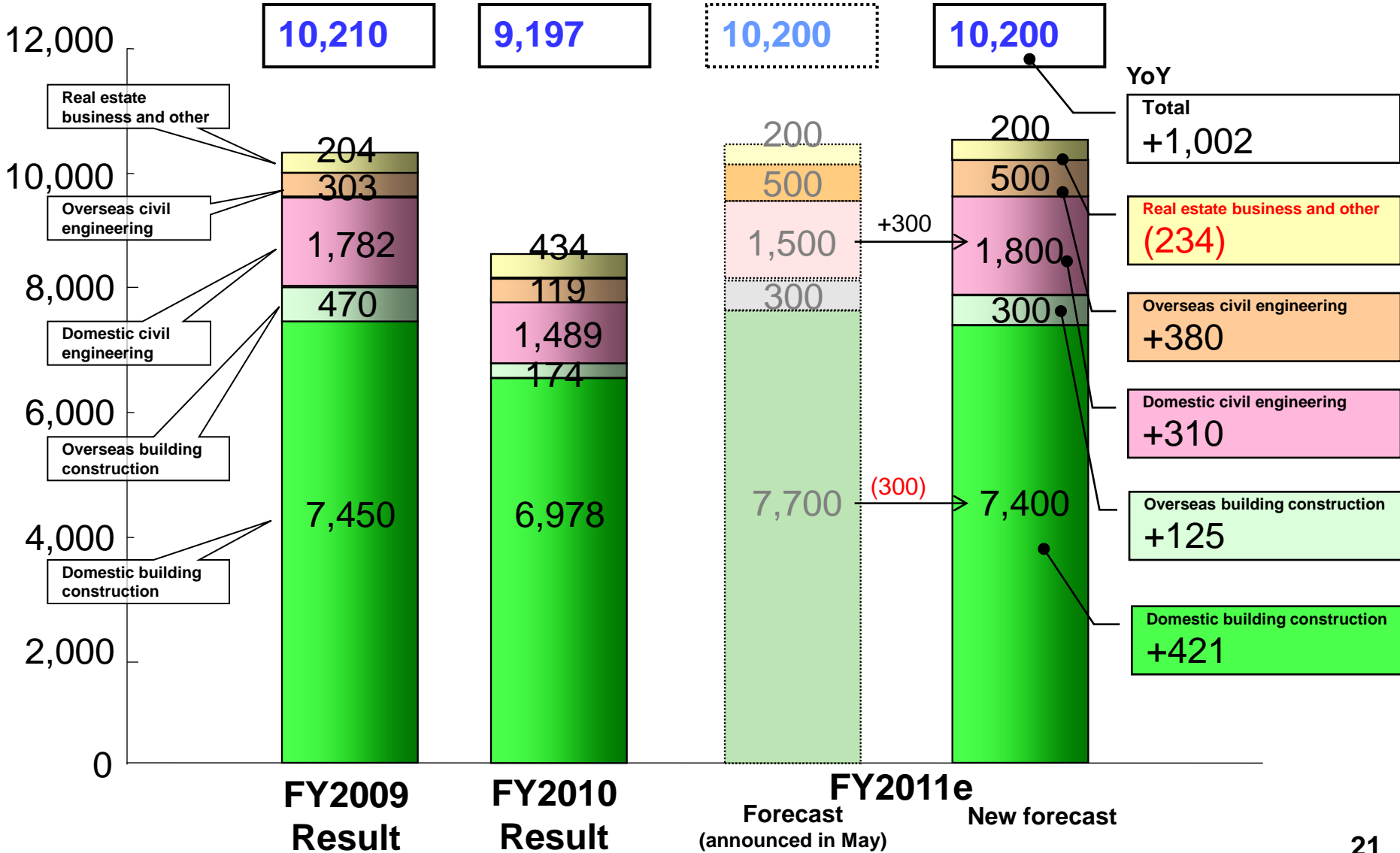


Forecasts in parentheses were announced in May

【Non-consolidated】 Forecast for Orders Received

(100 million yen)

Total



【Consolidated】 Forecast for Orders Received

After consolidation

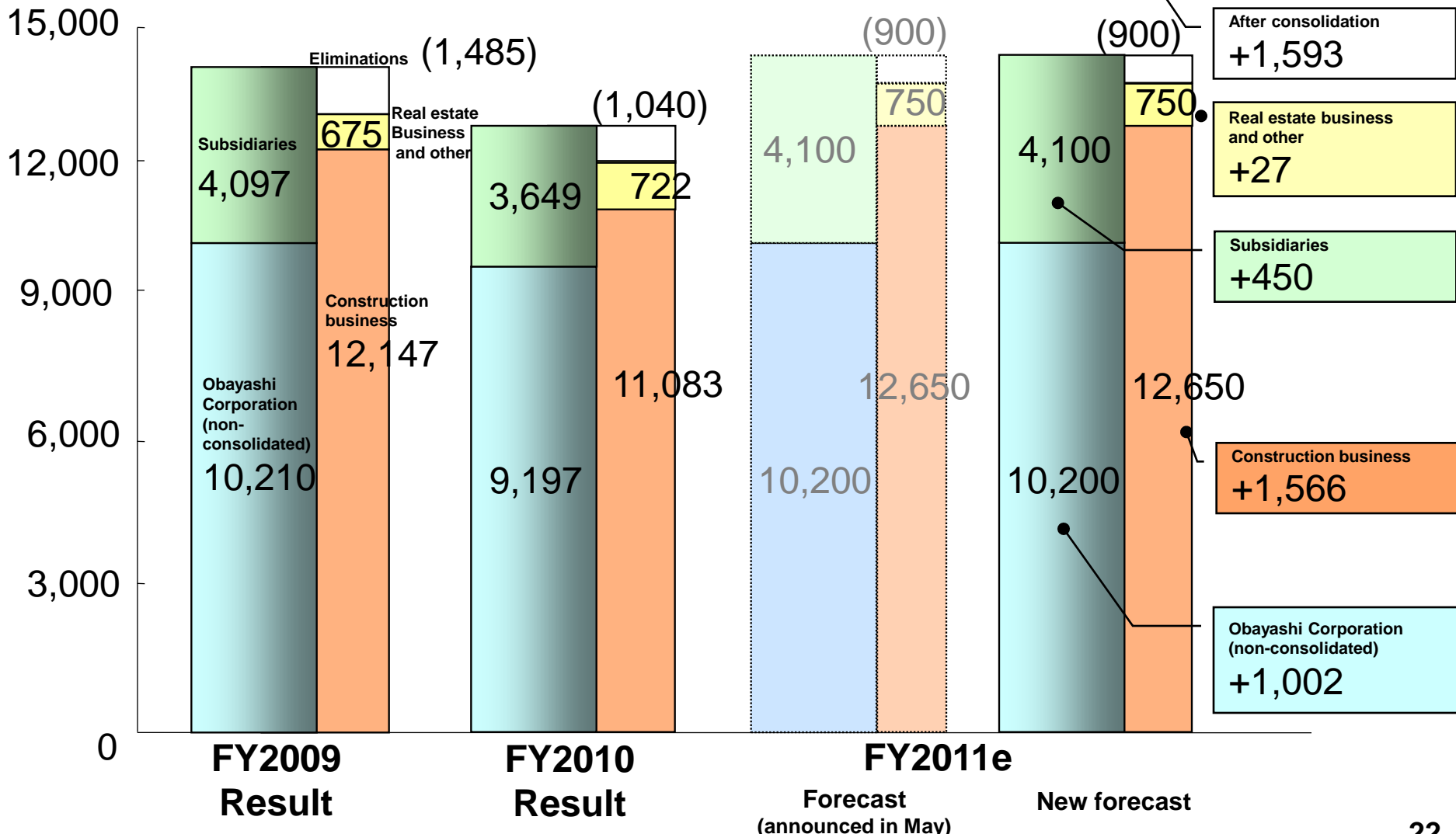
12,823

11,806

13,400

13,400

(100 million yen)



YoY
After consolidation
+1,593

Real estate business and other
+27

Subsidiaries
+450

Construction business
+1,566

Obayashi Corporation (non-consolidated)
+1,002



Management Issues & Measures

1. Business Conditions Surrounding Our Company (1)

Recovery and reconstruction from disaster

- ◇ Recovery and reconstruction from Great East Japan Earthquake
- ◇ Recovery from wind and flood damage caused by typhoon
- ◇ Development of national land and industrial infrastructure less vulnerable to disasters

Address these issues by combining our technology and know-how

* Continue to carefully monitor the situation regarding the massive floods in Thailand

Construction investment trend

Published by the Research Institute of Construction and Economy on October 24, 2011	FY2010 (estimate)	FY2011 (forecast)	(trillion yen) FY2011 (forecast)
Construction investment	41.13	44.64	40.21
(included) private non-residential buildings	7.62	7.99	8.08
(included) private civil eng.	4.50	4.57	4.17
(included) public civil eng.	14.36	16.00	11.68

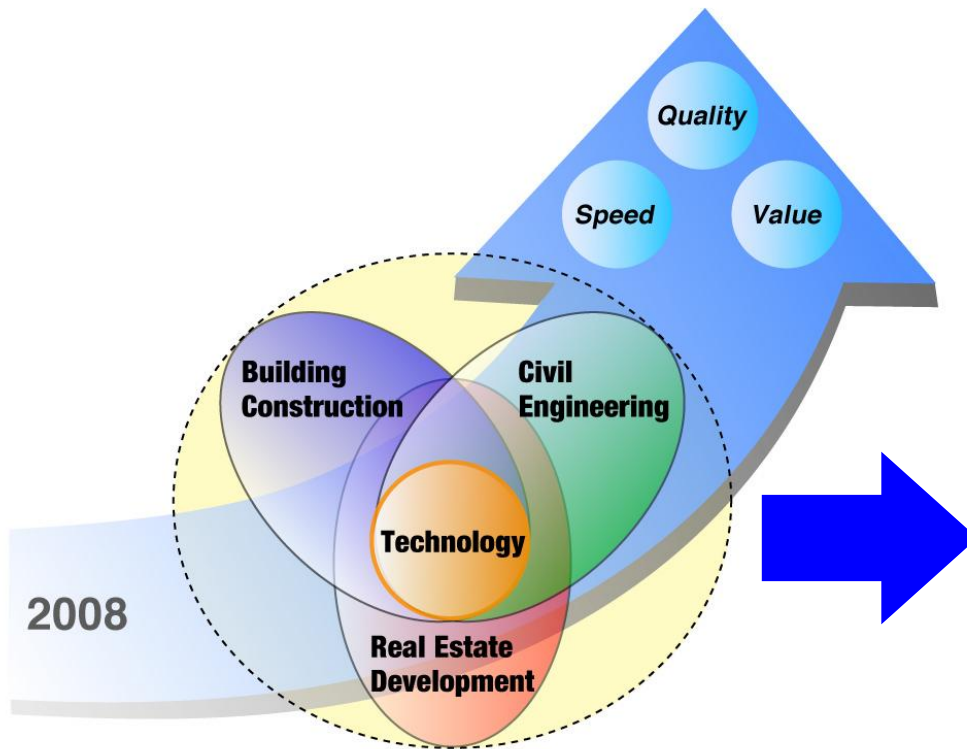
Prior to Great Japan Earthquake (January 2011)

◇ Shift of capital investment from Japan primarily among manufacturing sector

1. Business Conditions Surrounding Our Company (2)

Medium-term business plan 2008

(Launched in FY08)



Responding to the needs of the current business environment

【Socioeconomic conditions】

- ◇ Great East Japan Earthquake
- ◇ Historic high yen value ⇒ hollowing-out of manufacturing industries
- ◇ Fiscal instability and debt problems in Europe and the U.S.

【Construction market】

Domestic construction market unlikely to expand

- ◇ Seek entry into potential new fields using a broad perspective
- ◇ Further business advancement in overseas markets
- ◇ Having our “technology” itself as an earning source

To focus on “diversifying revenue base”

2. Management Issues and Measures - Building Construction Business (1)

Ensuring construction work volume and appropriate profits

- ◇ Concentrate management resources in areas that have a large market scale (Tokyo metropolitan area)
- ◇ Expand renovation projects, such as seismic retrofit and energy-saving reforms
- ◇ Reduce costs by strengthening procurement capabilities

Focus on promising markets with growth potential

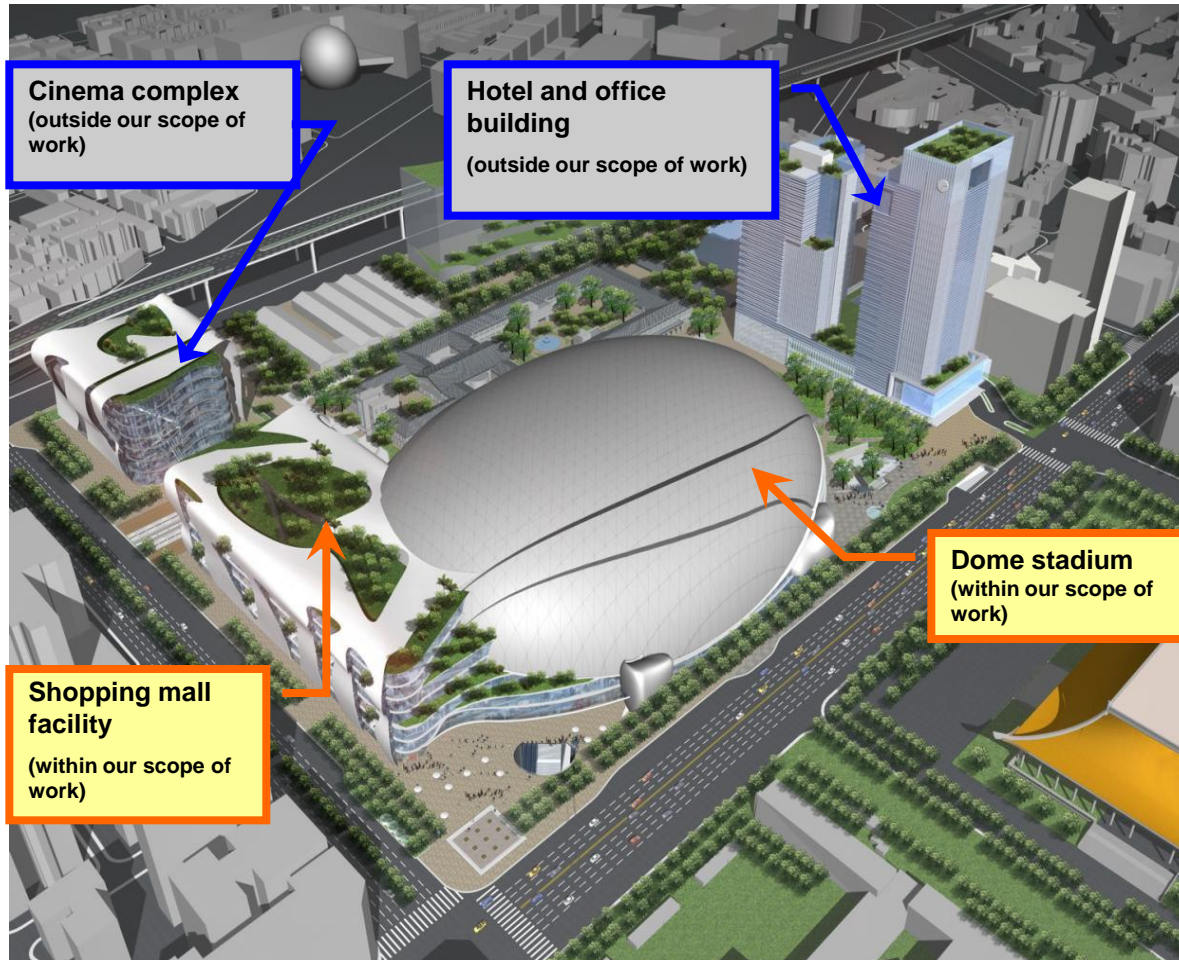
- ◇ Energy field (saving, generating and storing energy)
- ◇ Environment, medical, welfare and pharmaceutical-related fields
- ◇ New device-related fields using ICT (Information and Communications Technology)

Strategic expansion of overseas operations

- ◇ Respond to overseas capital investment needs of Japanese manufacturing industry primarily toward Southeast Asia
- ◇ Secure orders from local firms and foreign global companies as well

2. Management Issues and Measures - Building Construction Business (2)

Expansion of orders received from local firms – (Tentative name) Taipei Dome new construction project



(Tentative Name) Taipei Dome

- The project includes multi-use dome stadium, shopping mall facility, hotel/office building, cinema complex, etc.
- Obayashi received the contract owing to **its track record in the construction of domes.**



3. Management Issues and Measures - Civil Engineering Business (1)

Adapt to the changes in the domestic business environment

- ◇ Reconstruction from earthquake disasters and development of social infrastructure aimed at preventing and reducing disasters
- ◇ Adapt to the trend from “build new” to “maintain/renovate the existing” regarding social infrastructure
 - ⇒ Targeting at maintenance/renovation “while in use” that requires high level of expertise
- ◇ Focus on environment and energy-related fields

Strengthen organization and system

- ◇ Further strengthen approach to comprehensive evaluation bidding method
- ◇ Shift personnel resources to discover and foster new businesses

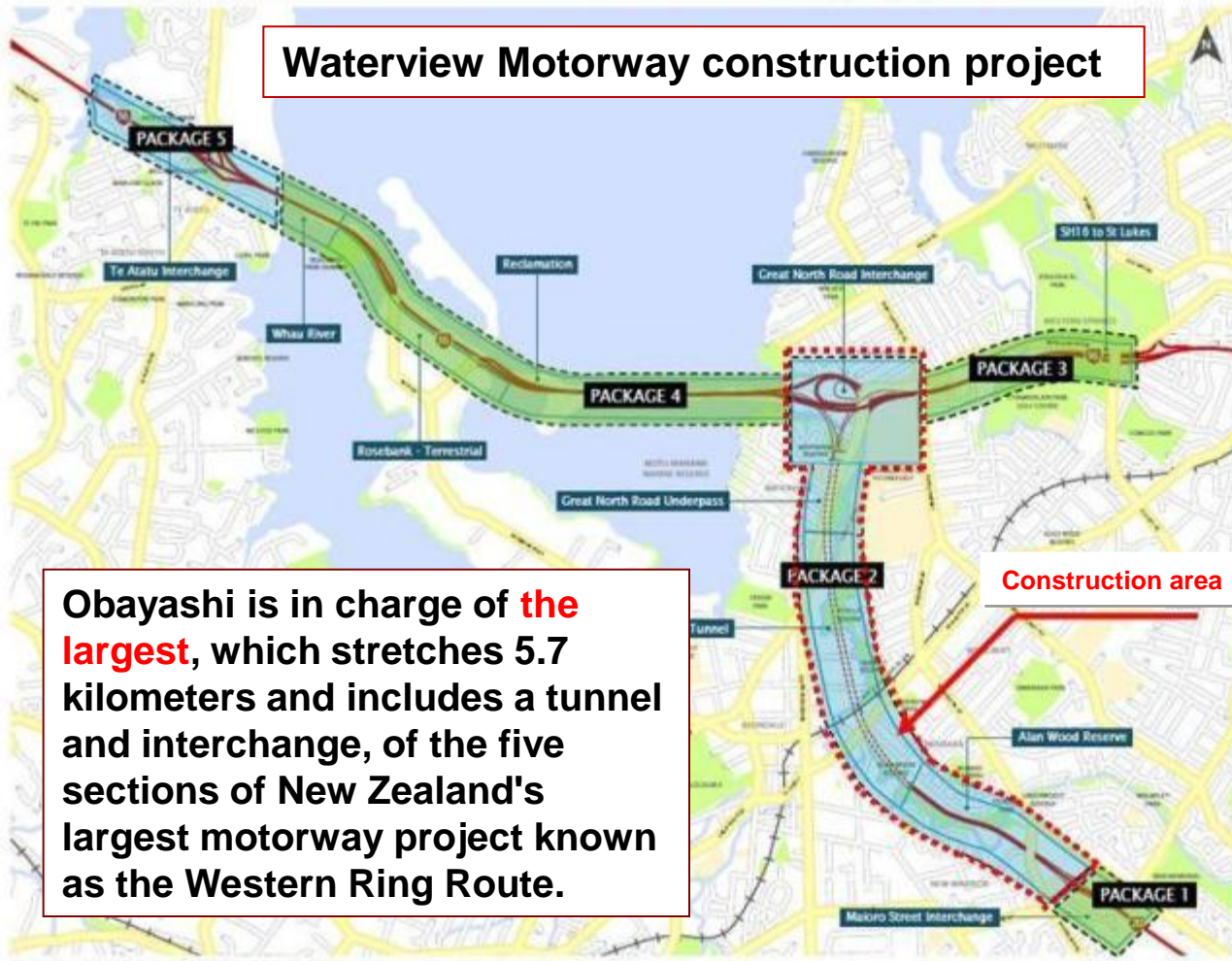
Strategic activities for overseas businesses

- ◇ Strengthen business activities in North America through Canada’s Kenaidan Group
- ◇ Participate in social infrastructure development projects in Asia, the Middle East, **Oceania**, etc.

3. Management Issues and Measures - Civil Engineering Business (2)

Awarded preferential negotiating rights for the largest motorway project in New Zealand

Western Ring Route: Waterview Connection (SH16-20) - Procurement Packages (July 2010)



Waterview Motorway construction project

Obayashi is in charge of **the largest**, which stretches 5.7 kilometers and includes a tunnel and interchange, of the five sections of New Zealand's largest motorway project known as the Western Ring Route.



Auckland

Central Auckland

Construction area

Note: Location of dashed boundary lines between packages are indicative only.

4. Management Issues and Measures - Real Estate Business and Technologies

Real Estate Business:

Enhance and upgrade stable revenue base centering on leasing business

- ◇ Collaborate among Obayashi Corp., Obayashi Real Estate Corp. and Seiwa Real Estate Co. Ltd.

Technologies:

Develop “technologies that will sell well” and “technologies targeted at client needs”

- ◇ Environment-related technologies
 - ◎ Technologies for reducing Low-Carbon (CO₂ reduction) and energy-saving technologies
- ◇ Earthquake resistance and vibration control technologies
- ◇ Promote the use of BIM (Building Information Modeling)
 - ◎ Aim to be the “front-runner in promoting BIM in the construction industry”

5. Technical Development (1)

Received an order to renovate the main hall of Chusonji Temple to reinforce its earthquake resistance thanks to our new technologies



(Exterior of the main hall of Chusonji Temple)

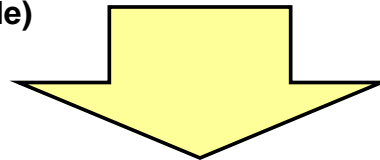
“Super wood-siding wall method”

■ Customer needs

- Earthquake disaster reconstruction efforts and seismic retrofit
- Maintain the beauty of the temple as when it was first constructed



■ Obayashi can make buildings earthquake resistant without changing their exteriors through its **“super wood-siding wall method,”** which is an improvement upon Japan's traditional timber construction method known as the “wood-siding wall method.”



Develop technologies consistent with customer needs

5. Technical Development (2)

Ranked 1st in terms of size of patent assets in the construction industry

【Patent asset ranking in terms of size in 2011 in construction industry】

Ranking	Ranking in previous year	Name of company	Size of patent assets	Number of registered items
1	5	Obayashi	6,083	178
2	3	Kajima	5,311	191
5	4	Taisei	4,227	203
6	2	Shimizu	4,205	202
8	9	Takenaka	3,298	195

(based on data compiled by Patent Result Co., Ltd., a patent analysis company)

■ The criteria for evaluating patent assets are based on both **quality** and **quantity** instead of just the number of patents.



■ Although the number of our registered patents is relatively low, **they have all been highly rated for their quality.**



(The shield machine (TBM) launches from the ground level through the URUP method)

Technology drawing much attention

- Technology adopted for the URUP (Ultra Rapid Under Pass) method, which prevents ground deformation in the soft ground near the ground level
- Technology related to equipment that allows for efficient excavation work in vertical holes even under harsh conditions where the use of large-scale heavy machinery in narrow areas is difficult and so forth.

5. Technical Development (3)

The Technical Research Institute Main Building won the 24th annual “Nikkei New Office Award”



Technical Research Institute
Main Building

Techno-station

■ Highly spacious, one room-type office area that measures 90 meters long, 18 meters wide and 6 meters high.

■ Also plays a role as a **“technology showcase”**

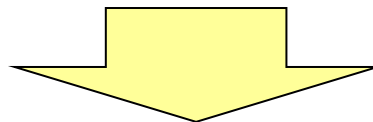
Nikkei New Office Award

- Commendation by the Nihon Keizai Shimbun and the New Office Promotion Association for the construction of more comfortable and functional offices
- The building was chosen among the 14 facilities granted the Nikkei New Office Promotion Awards.



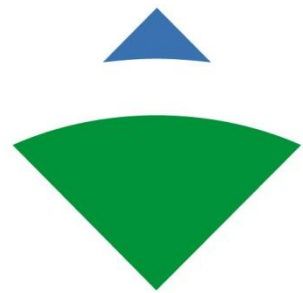
6. Dividends

- ◎ Maintain stable dividends over the long term
- ◎ Return profit commensurate with earning results



Dividend for FY2011 will be 8 yen per share (forecast)

***Interim dividend for FY2011 was 4 yen per share**



OBAYASHI