



# Maeda Corporation

November, 2016

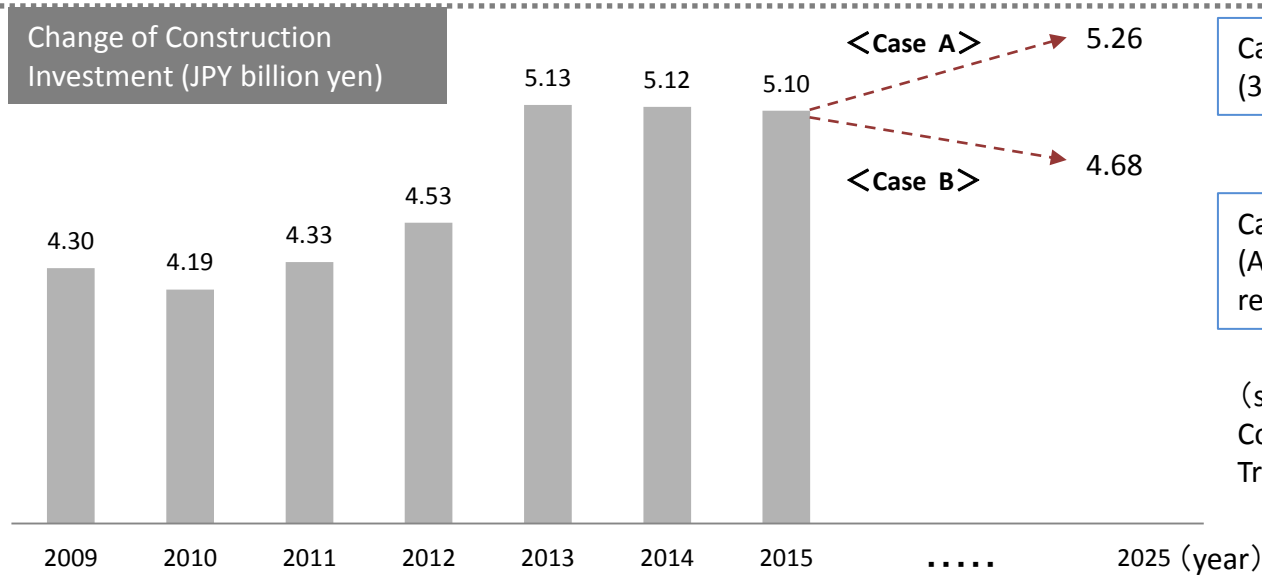
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- 1 . About a domestic construction market
- 2 . The introduction of Maeda Corporation
- 3 . About achievements
- 4 . About (de-contracting) business
- 5 . Appendix

# 1 . About a domestic construction market

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# Prospect of the construction market



Case A: Certain enforcement of Abenomics (3% more than nominal economic growth rate)

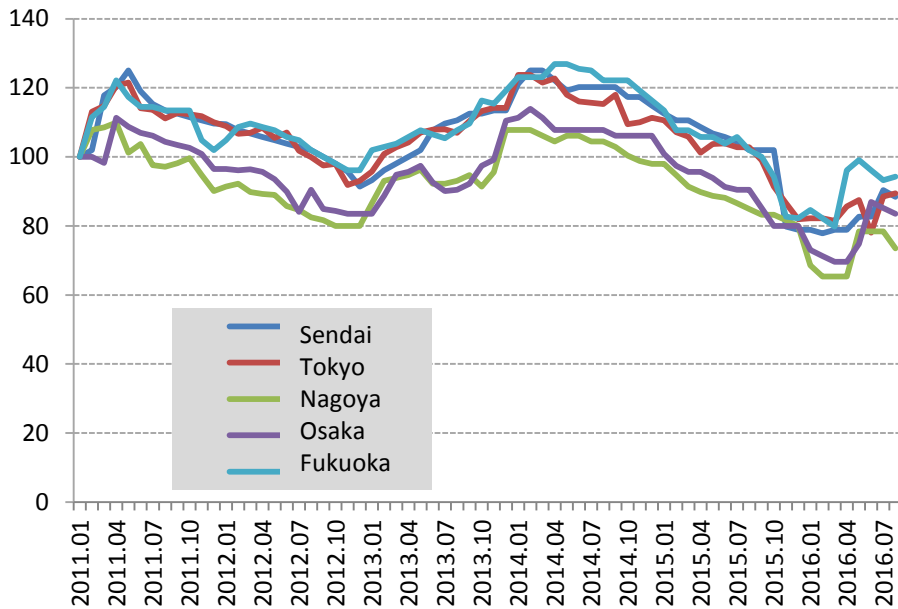
Case B: Same as a current potential growth rate (Assuming nominal economic growth rate remains 1.5%)

(source) Japan Federation of Construction Contractors, Ministry of Land, Infrastructure, Transport and Tourism

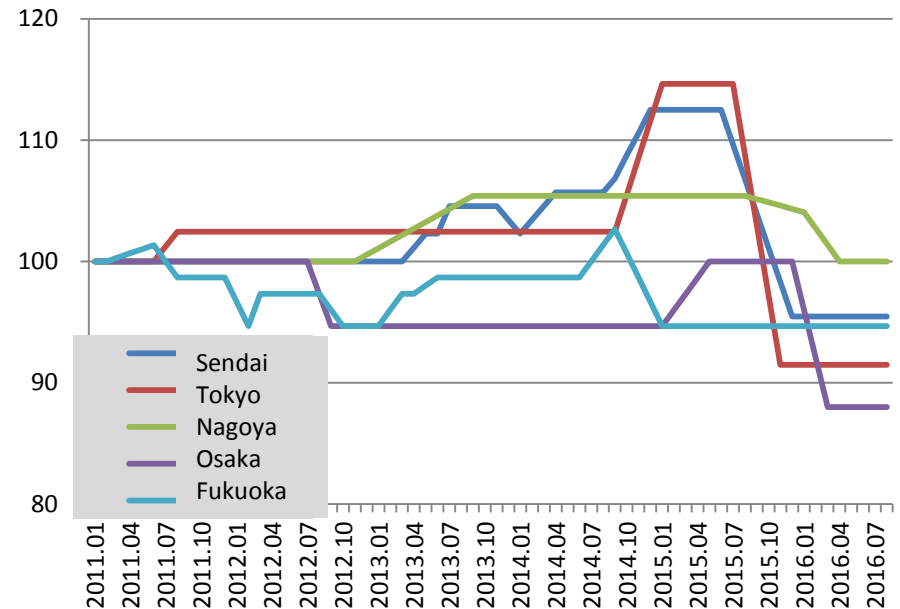
	Case A : positive	Case B : negative
<b>story</b>	Large-scale projects are over continuously after the 2020 Tokyo Olympic Games ✓ Linear Chuo Shinkansen Line (Maglev) : plan to run between Tokyo and Nagoya in 2027 ✓ Hokuriku and Kyushu Shinkansen Lines : under construction ✓ Reconstruction and Decontamination works in response to the Great East Japan Earthquake ✓ Maintenance, repair, renewal of timeworn public infrastructure ✓ Develop National Strategic Special Zones, Develop Integrated Resorts etc. : Abenomics growth strategies	Reduction of market by economic growth stagnation Actualized issues construction industry is facing ✓ Lack of skilled workers ✓ Lack in source of revenues of the local governments
<b>Maeda's strategy</b>	✓ Growth by the expansion of building and civil engineering works mainly on large-scale projects ✓ Growth by De-contracting(concession projects etc.)	✓ Growth by De-contracting(concession projects etc.)

# The change of the construction material price

**Reinforcing rod price(Maeda procured)** (Jan,2011=100)



**Cement price(Maeda procured)** (Jan,2011=100)



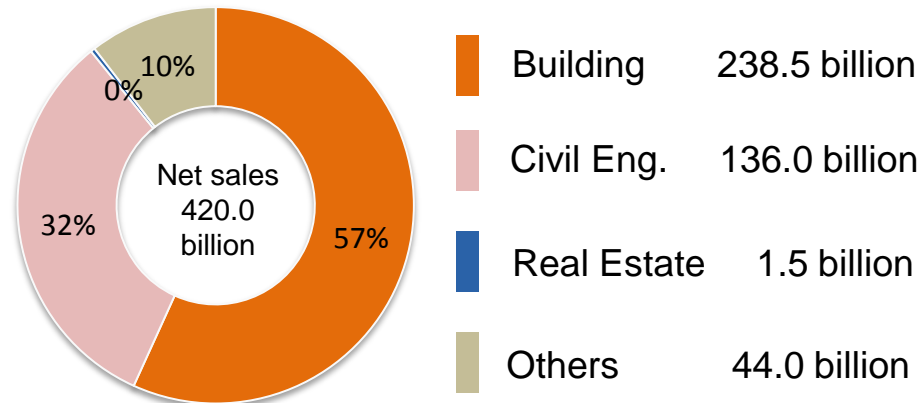
- ✓ Construction material prices went up due to reconstruction work in response to the Great East Japan Earthquake
- ✓ The prices have gradually declined since the second half of 2015 due to the China's recession(steel and iron prices in China have declined)

## 2. The introduction of Maeda Corporation

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## Consolidated data

<p>Net sales <b>JPY 420.0 billion</b></p>	<p>Net income <b>JPY 19.0 billion</b></p>
<p>Number of employees <b>3,972</b></p>	<p>Total assets <b>JPY 433.0 billion</b></p>



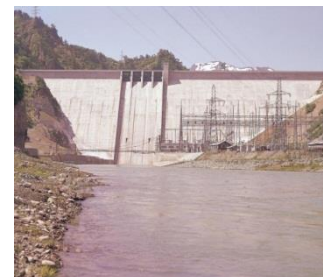
※Net sales, Net income: March 31,2017 Estimate  
 Number of employees : March 31,2016  
 Total assets: December 31,2016

## Be the best in Japan, Asia, and the world

- Largest condos in Japan
- Largest dams in Asia
- Longest and deepest undersea tunnels in the world, and more



(THE TOKYO TOWERS)



(Tagokura Dam)



(Seikan Tunnel)

An affiliate by equity method

Voting right 20.2%

Voting right 21.7%

An affiliate by equity method

**TOYO Construction Co., Ltd.**

**Maeda Corporation**

**Maeda Road Construction Co., Ltd.**

**(Tokyo Stock Exchange 1<sup>st</sup> section)**

Subsidiaries 【】...share-holding

**(Tokyo Stock Exchange 1<sup>st</sup> section)**

Established	JULY 3, 1929
Sales	JPY 143.0 Billion (2017 Fiscal Year Estimate)
Businesses	Ocean Civil Engineering Ocean Development

**Construction**

FBS Inc. 【50.0%】	JM Corporation 【100.0%】
Thai Maeda Corporation, Ltd. 【45.0%】	Miyama Kogyo Co., Ltd. 【50.0%】

**Manufacturing**

Maeda Seisakusho Co., Ltd. 【42.0%】 <b>(JASDAQ section)</b>	Fujimi Koken Co., Ltd. 【50.0%】
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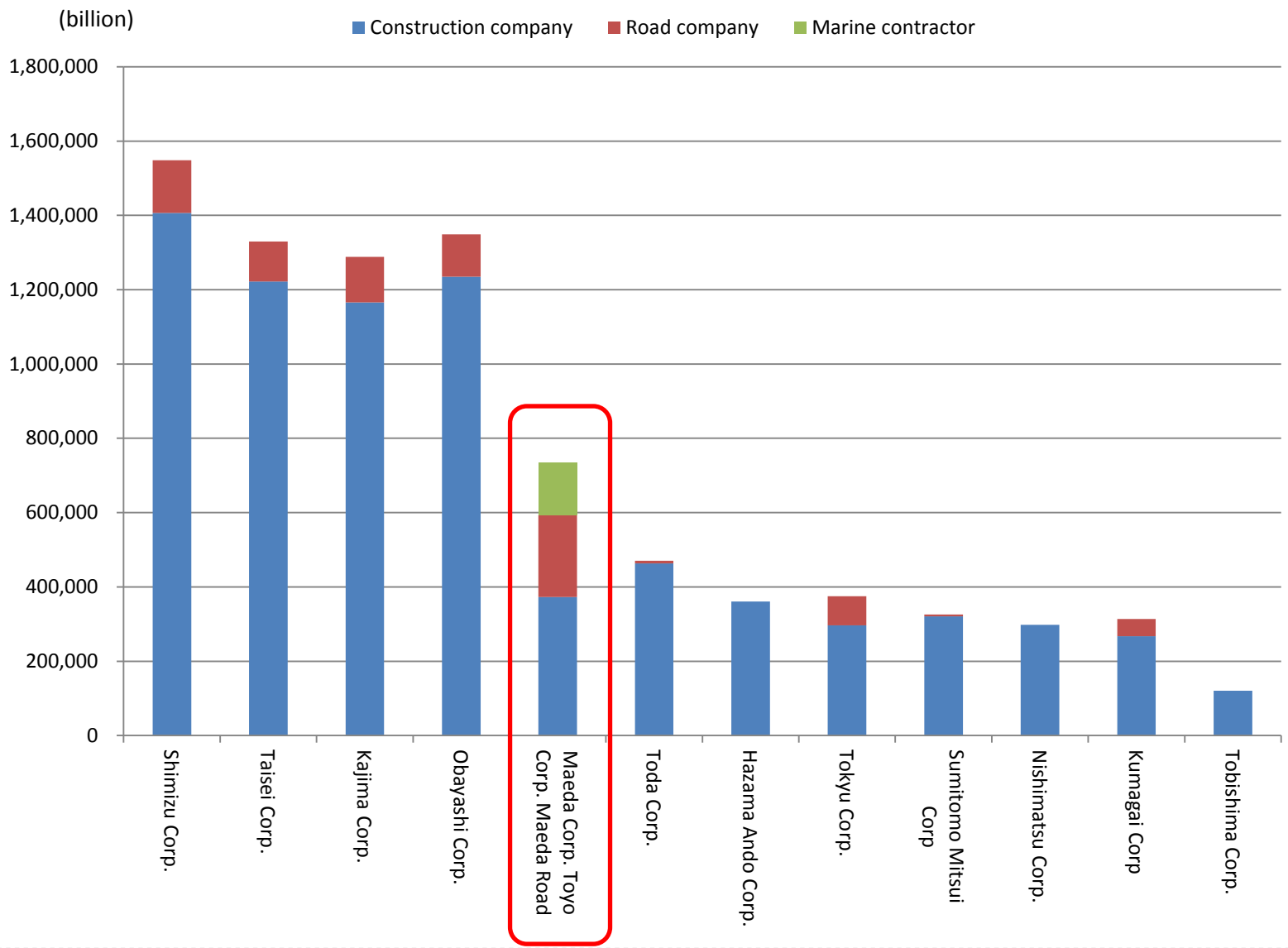
**Services, etc.**

Fukkoshidaichi Wind Development K.K. 【60.0%】	Goyozan Solar Power G.K. 【---】
Aichi Road Concession Co.,Ltd. 【50.0%】	

Established	JULY 19, 1930
Sales	JPY 215.0 Billion (2017 Fiscal Year Estimate)
Businesses	Road Pavement and maintenance



# position in the industry of Maeda Corp



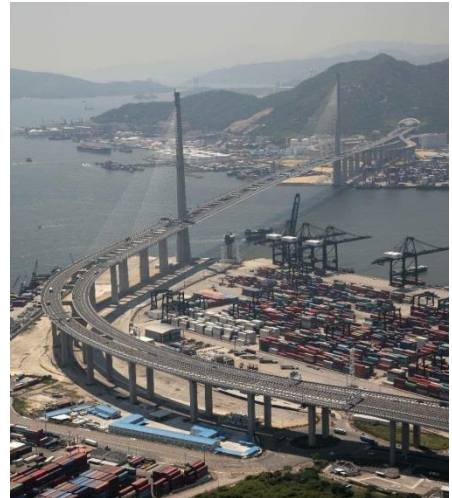
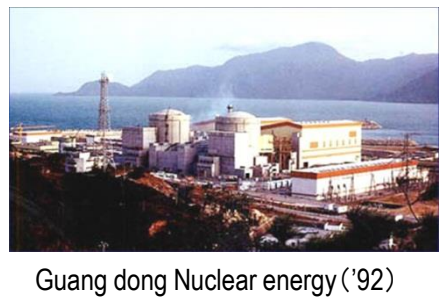
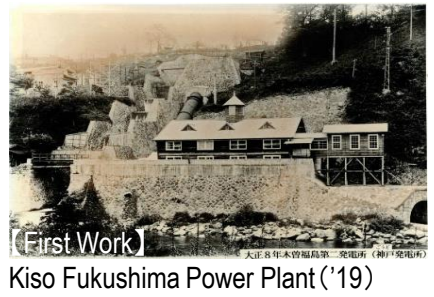


# History of Maeda's Challenge



... 1960	1970	1980	1990	2000	2010	...
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Leading Company in Dam Construction      Mountain to Town To Urban Civil Engineering      Participating National Major Project to Overseas Market      Explore Advances Technology With High Quality





# History of Maeda's Challenge

... 1970

1980

1990

2000

2010

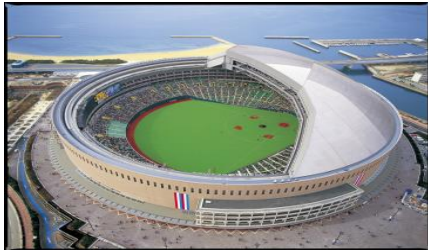
...

Starting Bldg. Works(Public Works)

To Private Bldg. Sector

Strengthening Private Bldg. Sector

Progress in distinctive technology field



Fukuoka Dome ('93)



Chiba Consumer Support Center('02)



Shin-Souka Hospital ('04)



YOKOHAMA TIRE Thailand factory ('09)



Hong Kong International Airport Passenger Terminal Bldg.('97)



MM Towers ('03)



CANNON's resort house ('06)



lidabashi redevelopment ('14)



Fukuoka Central Wholesale ('00)



Muromachi redevelopment ('03)



NTN India factory ('07)



Sumita Town Office in Iwate ('14)

## 3. About achievements

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# Outlook for the future \_Consolidated

(JPY billion yen)

	Sep.30,2015		Sep.30,2016				Mar.31,2017			
	Results	(%)	Estimate (May.12)	(%)	Results	(%)	Estimate (May.12)	(%)	Estimate (Nov.11)	(%)
Net sales	194.1	100	207.0	100	195.0	100	410.0	100	420.0	100
Gross profit	16.6	8.5	19.1	9.2	21.1	10.8	41.6	10.1	44.5	10.6
Administrative expenses	10.3	5.3	12.2	5.9	11.5	5.9	24.3	5.9	25.0	6.0
Operating income	6.3	3.2	6.9	3.3	9.7	5.0	17.3	4.2	※19.5	4.6
Ordinary income	8.4	4.3	8.2	4.0	11.7	6.0	20.7	5.0	※23.2	5.5
Profit attributable to owners of parent	7.8	4.0	6.7	3.2	9.6	4.9	16.4	4.0	※19.0	4.5

※New record high profits

## Dividends

Annual dividend per share (Yen)

¥11.00

# Financial results and forecasts of major group companies



## 〔Subsidiaries〕

( JPY million yen )

	Maeda Seisakusho Co., Ltd.			FBS Inc.			Fujimi Koken Co.,Ltd.		
	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate
Net sales	14,279	15,200	31,500	6,888	6,403	14,600	2,399	2,554	7,100
Operating income	349	474	1,050	372	344	585	110	204	240
Ordinary income	399	478	1,100	390	363	607	127	215	240
Net income	277	369	780	246	232	388	126	193	230

	Miyama Kogyo Co.,Ltd.			JM Corporation			Aichi Road Concession Co.,Ltd		
	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate
Net sales	2,248	3,668	7,200	12,776	9,365	26,000	-	0	7,971
Operating income	198	423	450	137	▲38	294	-	▲1	947
Ordinary income	203	424	452	136	▲38	292	-	▲1	781
Net income	151	269	286	101	▲41	200	-	▲3	697

※Aichi Road Concession Co.,Ltd includes anonymous association Aichi Road Concession.

## 〔An affiliate by equity method〕

( JPY million yen )

	Maeda Road Construction Co., Ltd.			Toyo Construction Co., Ltd.			Hikarigaoka Corporation		
	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate	Sep.30,2015	Sep.30,2016	Mar.31,2017 Estimate
Net sales	96,953	96,856	215,000	66,367	63,476	143,000	21,083	19,805	45,225
Operating income	10,392	10,368	24,000	3,850	2,850	7,000	253	211	515
Ordinary income	10,746	10,456	24,300	3,321	1,933	6,400	462	475	745
Net income	6,980	7,343	15,000	2,158	1,284	4,200	344	508	495

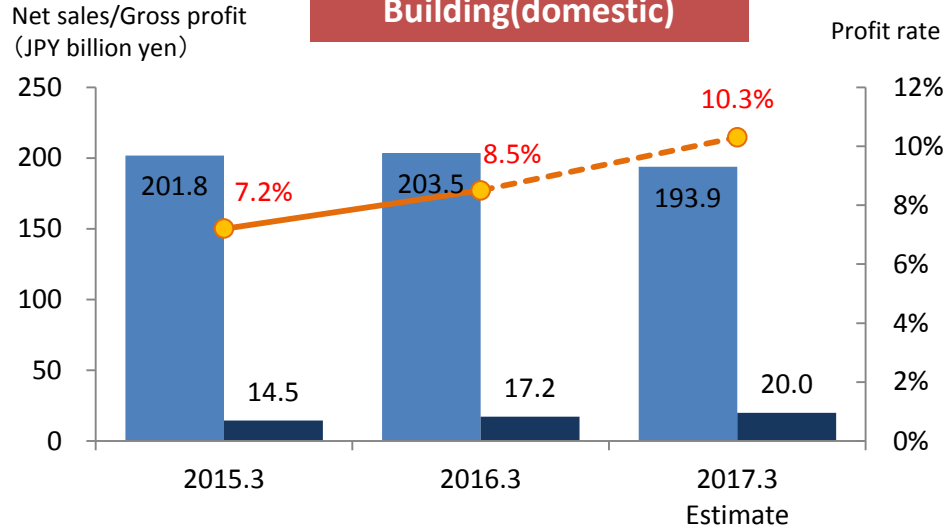
# Outlook for the future \_ Non Consolidated

(JPY billion yen)

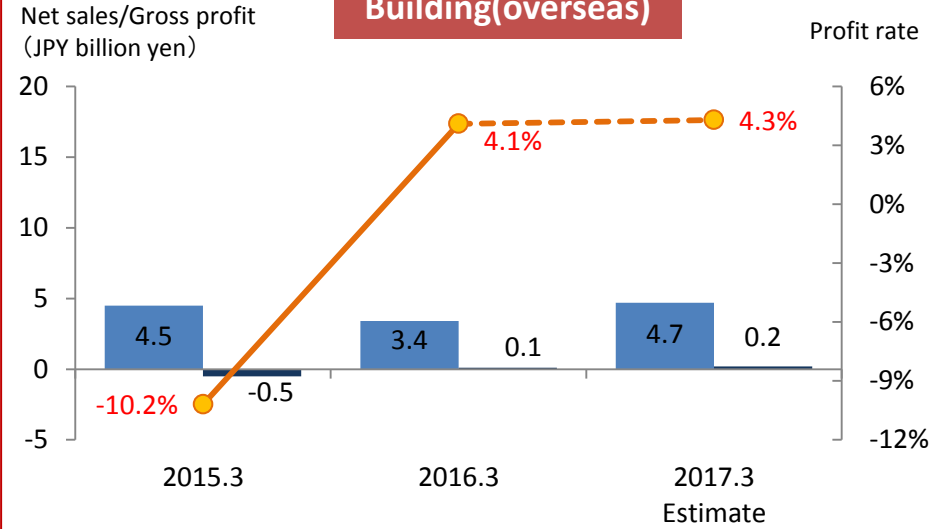
	Sep.30,2015		Sep.30,2016				Mar.31,2017			
	Results	(%)	Estimate (May.12)	(%)	Results	(%)	Estimate (May.12)	(%)	Estimate (Nov.11)	(%)
New Orders	<b>202.7</b>		<b>169.0</b>		<b>204.0</b>		<b>335.0</b>		<b>395.0</b>	
Net sales	<b>171.6</b>	<b>100</b>	<b>170.0</b>	<b>100</b>	<b>161.9</b>	<b>100</b>	<b>330.0</b>	<b>100</b>	<b>335.0</b>	<b>100</b>
Gross profit	<b>13.2</b>	<b>7.7</b>	<b>14.7</b>	<b>8.6</b>	<b>16.4</b>	<b>10.1</b>	<b>31.0</b>	<b>9.4</b>	<b>33.4</b>	<b>10.0</b>
Building	<b>6.2</b>	<b>6.6</b>	<b>7.6</b>	<b>7.8</b>	<b>11.1</b>	<b>10.8</b>	<b>15.4</b>	<b>7.8</b>	<b>20.2</b>	<b>10.2</b>
Civil Eng.	<b>6.6</b>	<b>8.8</b>	<b>6.8</b>	<b>9.5</b>	<b>4.9</b>	<b>8.4</b>	<b>15.0</b>	<b>11.5</b>	<b>12.6</b>	<b>9.3</b>
Real Estate	<b>0.4</b>	<b>12.6</b>	<b>0.3</b>	<b>42.9</b>	<b>0.4</b>	<b>54.6</b>	<b>0.6</b>	<b>42.9</b>	<b>0.6</b>	<b>42.9</b>
Administrative expenses	<b>8.4</b>	<b>4.9</b>	<b>8.6</b>	<b>5.1</b>	<b>8.2</b>	<b>5.1</b>	<b>17.0</b>	<b>5.2</b>	<b>17.4</b>	<b>5.2</b>
Operating income	<b>4.8</b>	<b>2.8</b>	<b>6.1</b>	<b>3.6</b>	<b>8.2</b>	<b>5.1</b>	<b>14.0</b>	<b>4.2</b>	<b>16.0</b>	<b>4.8</b>
Ordinary income	<b>6.0</b>	<b>3.5</b>	<b>7.1</b>	<b>4.2</b>	<b>9.7</b>	<b>6.0</b>	<b>14.5</b>	<b>4.4</b>	<b>17.0</b>	<b>5.1</b>
Net income	<b>5.7</b>	<b>3.3</b>	<b>6.0</b>	<b>3.5</b>	<b>8.8</b>	<b>5.4</b>	<b>12.0</b>	<b>3.6</b>	<b>15.0</b>	<b>4.5</b>

# Gross profit

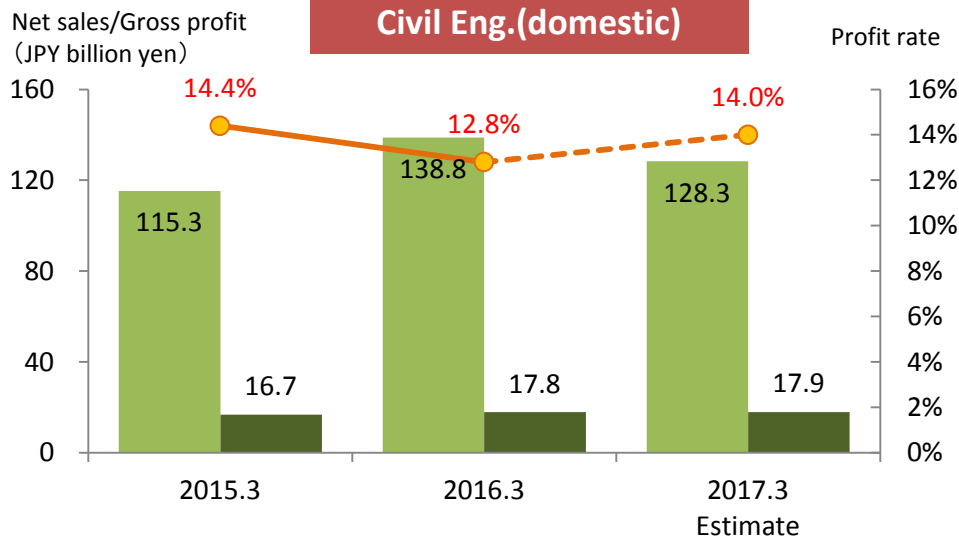
## Building(domestic)



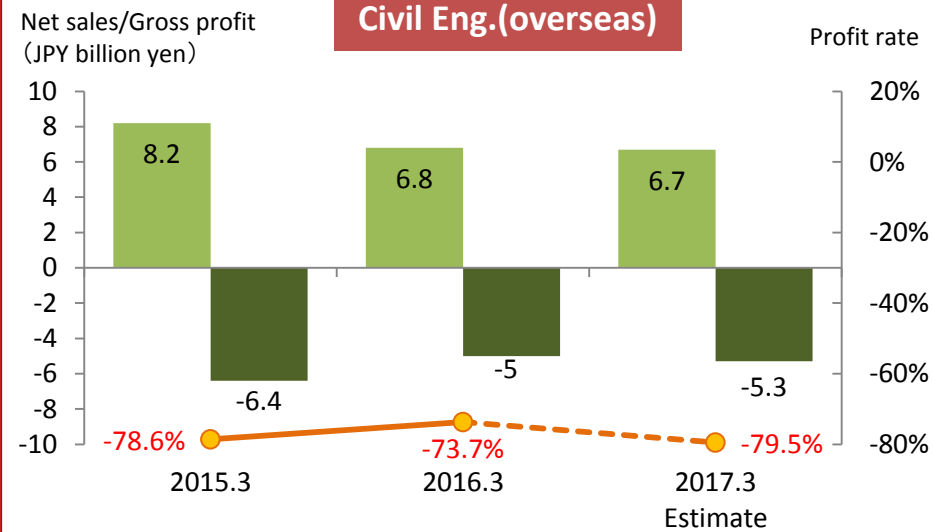
## Building(overseas)



## Civil Eng.(domestic)

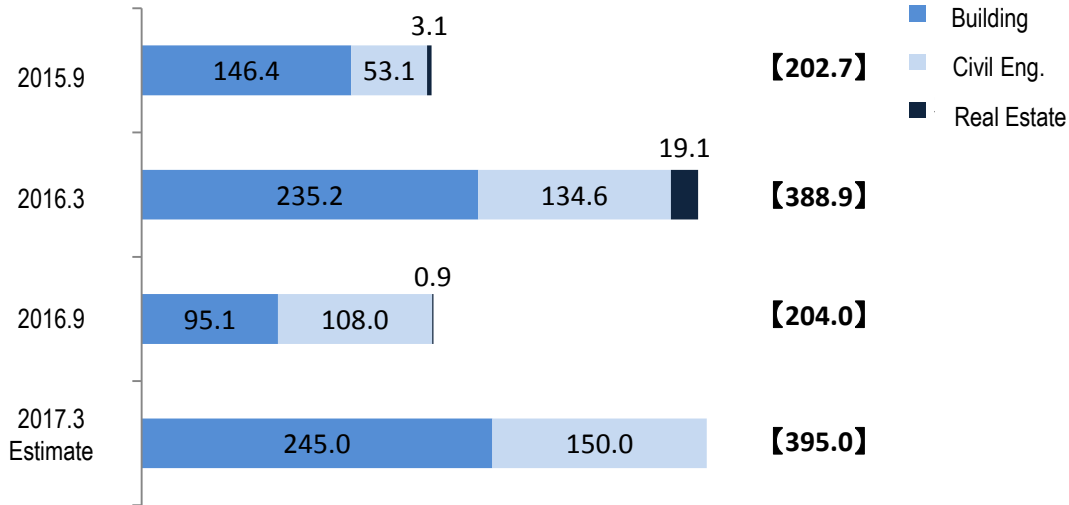


## Civil Eng.(overseas)



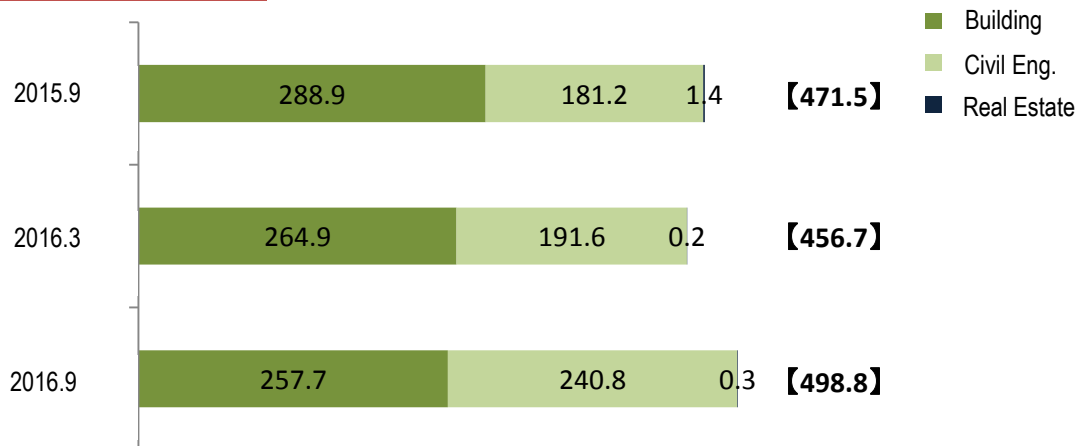
# New Orders, Order Backlog

## New Orders



New Orders		2016.3	2017.3
(JPY billion yen)		(Result)	(Estimate)
Building	Domestic(Public)	18.9	24.0
	Domestic(Private)	210.8	216.0
	Overseas	5.5	5.0
Civil Eng.	Domestic(Public)	97.3	90.0
	Domestic(Private)	37.2	60.0
	Overseas	0.1	0
Real Estate		19.1	-
Total		388.9	395.0

## Order Backlog



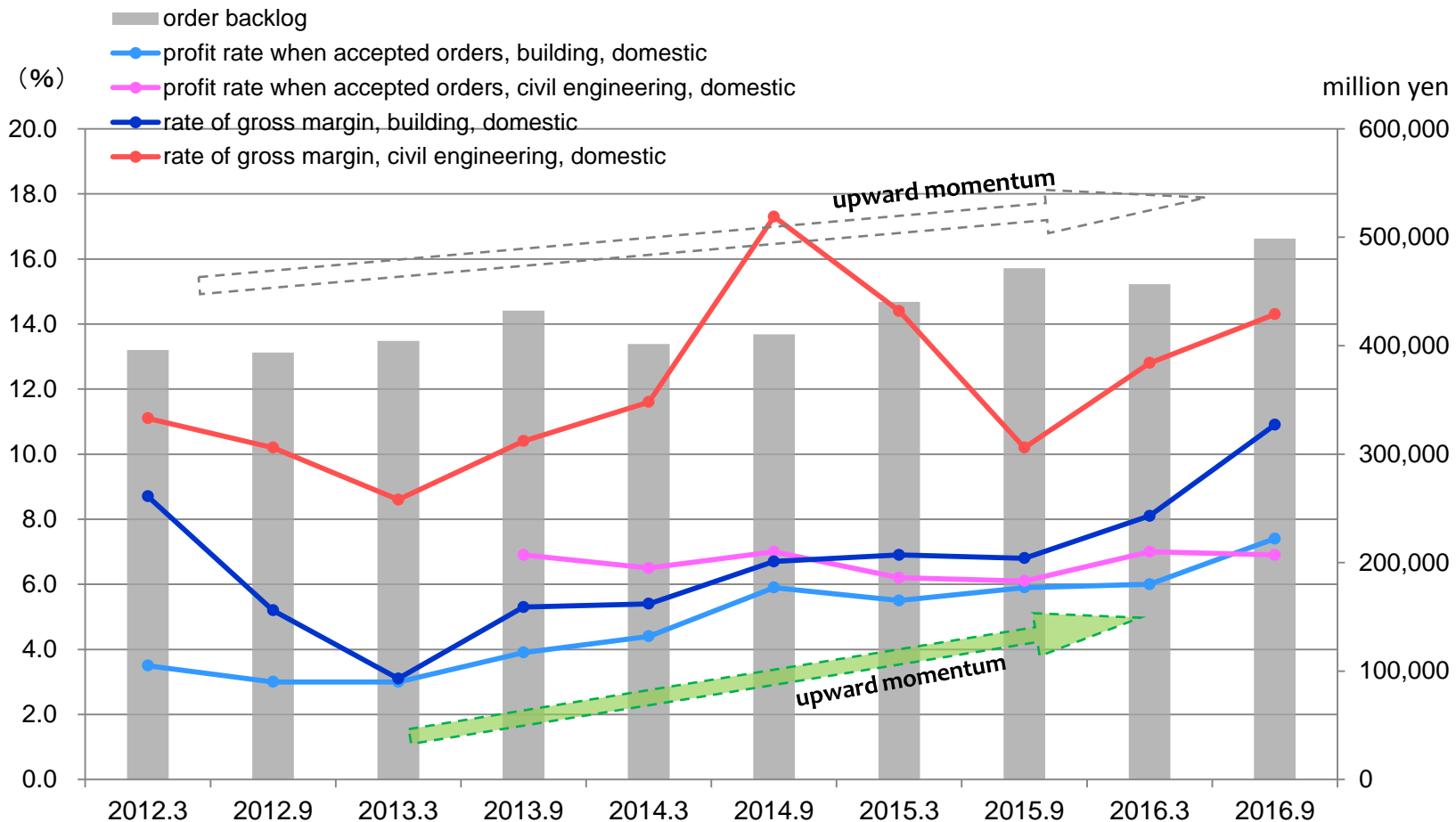
Order Backlog		2016.3	2016.9
(JPY billion yen)		(Result)	(Result)
Building	Domestic(Public)	19.6	24.2
	Domestic(Private)	241.1	232.1
	Overseas	4.2	1.3
Civil Eng.	Domestic(Public)	139.6	179.0
	Domestic(Private)	40.5	52.2
	Overseas	11.4	9.5
Real Estate		0.2	0.3
Total		456.7	498.8



# Trend of achievements (non consolidated)

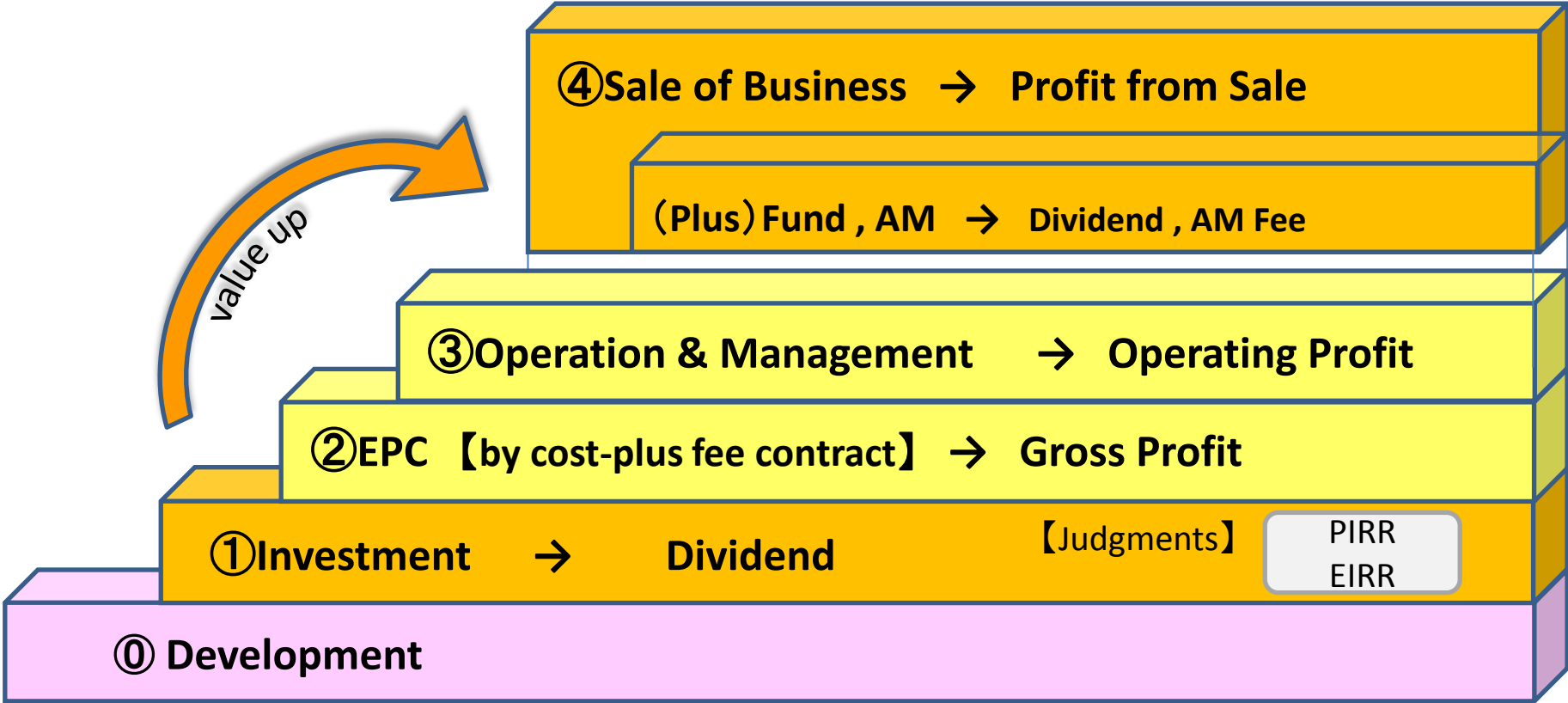


The backlog is a record-high standard. Profit rate when accepted orders is improved, therefore, rate of gross margin will also be improved for the next few years



## 4 . About de-contracting business

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- Profits can be obtained through four categories (& plus)
- Strengthening of construction (Development, EPC, O&M)
- Private fund and listing can be considered as exit strategy

# Establish “Maeda-Macquarie” Joint Venture(50:50)

Maeda and Macquarie Capital established  
A joint venture company

<Shareholder Composition>

Subsidiary of Maeda : 50%

Subsidiary of Macquarie Capital : 50%

## Strength of Maeda (⇒ Advantage to Macquarie)

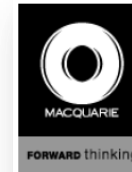
- EPC ability ※
  - O&M(JM) ※
  - Creditworthiness as a Japanese company
- ※Minimizing construction risk by cost-plus fee contract.

## Strength of Macquarie (⇒ Advantage to Maeda)

- The world's best infrastructure investment results
- Information-gathering ability (Strong upstream)
- Exit solution propelling (Strong Downstream)



Complementary to each other  
using the both company's  
strengths



## Macquarie Capital and Maeda Corporation to launch infrastructure business JV in Japan

25 October 2013

### Macquarie Capital and Maeda Corporation to launch infrastructure business JV in Japan

Macquarie Capital (Macquarie) and Maeda Corporation (Maeda) today announced the signing of a framework agreement to launch a joint venture collaborating on renewable power generation projects and broader infrastructure initiatives.

Maeda and Macquarie plan to launch the joint venture by the end of 2013 with an initial focus on the development of large-scale solar power generation projects (mega solar) in Japan.

Through this partnership, Maeda and Macquarie plan to leverage their respective expertise to cooperate on the design, investment, EPC (Engineering, Procurement and Construction), O&M (Operation and Maintenance), and divestiture of mega solar projects. For each project, the partners will invest in a special purpose company and raise financing, including project finance, from lenders.

The partners intend to develop a joint business in solar power projects and later expand it to include sectors such as wind power, road and airport concessions. Within the first three years of the launch, the company is targeting development of 300MW generation capacity, and total project size of JPY100 billion in renewable energy businesses.

In addition to the introduction of the Feed-in Tariff system for renewable energy in July 2012, various new initiatives for infrastructure development in Japan, including post-earthquake redevelopment, Public Private Partnership projects related to the 2020 Tokyo Olympic Games and concessions, have been introduced. These initiatives have led to an anticipated increase in private investment in these sectors, and the development of an infrastructure market in Japan similar to those existing in other markets.

Maeda has continued its effort to expand into renewable power generation and infrastructure development projects, to expand its profit base, as well as to further strengthen its core construction business. One of the three pillars of Maeda's mid-term management plan is "de-contracting". Maeda has already started building a track record in the renewable space by developing projects including the Yasuoka Offshore Wind Farm in Shimonoseki City, Yamaguchi Prefecture, and Goyozan Solar Power Generation Project in Ofunato City, Iwate Prefecture, as the main developer.

Macquarie is a global leader in infrastructure and resources financing, including renewable energy, and manages and through its Macquarie Infrastructure and Real Assets Division, operates more than 100 infrastructure projects (including airports, communication facilities, energy, renewable energy, toll roads and rail) globally.

( Source: Macquarie.com )

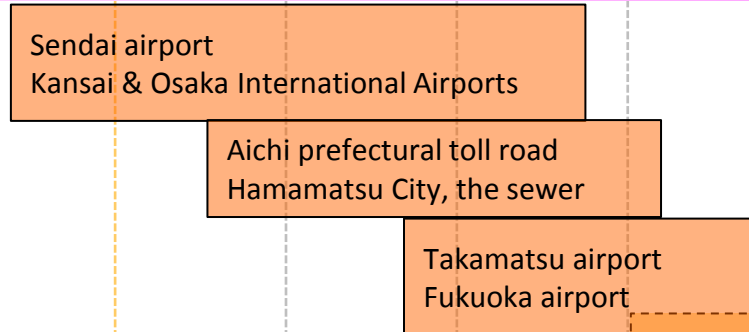
# De-contracting Market



## ▶ PFI / PPP and concession projects

### Infrastructures[ airports ,toll roads and public waterworks and the sewer , etc. ]

2011  
PFI law revised



### Public facilities[ medical/welfare facilities, etc. ]

## ▶ Renewable energies

2012  
Fixed price purchase System launched

### Solar power generation

- 20MW, Offering commercial operation
- 6.5MW, Sold
- 25MW, Under development

### Wind power generation

- 20MW, Under development

### Offshore wind power generation

- 60 MW, Under environmental impact assessment

### Biomass, geothermal, small hydroelectric generation

- 110MW, Under development

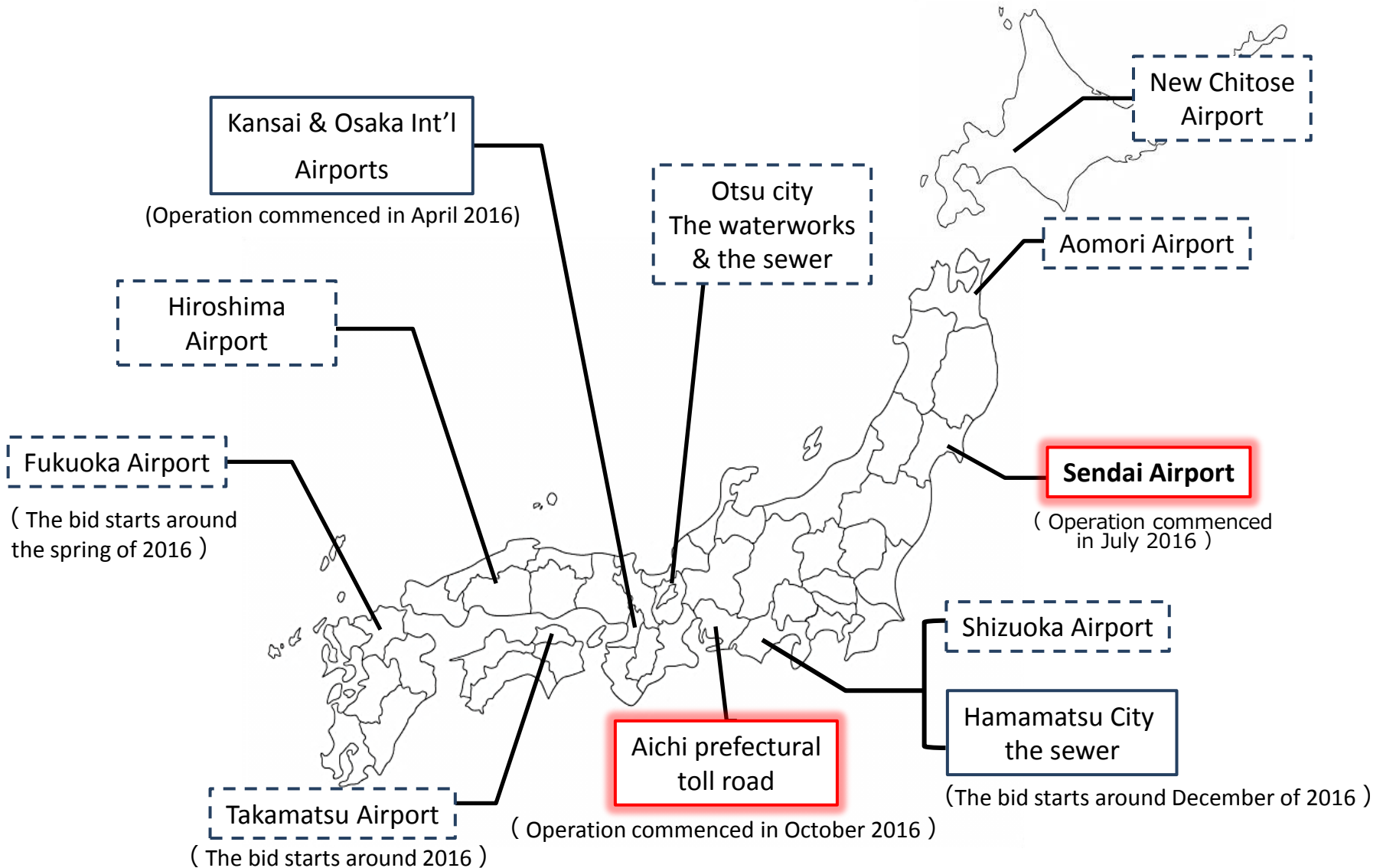
# Renewable Energy Projects

Projects		Location	AC	FIT Price	Total project costs	Description	
Solar Power Generation	1	Tsukuba City, Ibaraki Prefecture	2MW	¥40	About JPY 600 million	Electric power sales to start in March 2013	
	2	Ofunato City, Iwate Prefecture	18MW	¥40	About JPY 6.4 billion	Electric power sales to start in August 2015	
	3	Ibaraki Prefecture	6.5MW	¥36	About JPY 2.1billion	March, 2016 sold	⊙
	4	Yamaguchi Prefecture	7MW	¥40	About JPY 2.6 billion	Under Construction	
	5	Yamanashi Prefecture	18MW	¥36	About JPY 7.0 billion	Construction to start in 2017	⊙
Wind Power	6	Aomori Prefecture	20MW	¥22	About JPY 11.3 billion	June, 2016 sold	
	7	Akita Prefecture	20MW	¥22	About JPY 8.0 billion	Construction to start in 2017	
<b>Total</b>			<b>91.5MW</b>		<b>About JPY 38.0 billion</b>		
Offshore Wind Power Generation	8	Yasuoka City, Yamaguchi Prefecture	60MW	—	About JPY 40 billion	Project Developing	
Biomass Power Generation	9	Tohoku area	110MW	—	About JPY 50 billion	Project Developing	
Geothermal Power Generation	10	Hokkaido	2MW	—	About JPY 2.0 billion	Investigating	
<b>Total</b>			<b>263.5MW</b>		<b>About JPY 130.0 billion</b>		

We will sequentially start evaluating and planning business value for other projects

“Maeda-Macquarie” 

# Main concession Project under planning in Japan



# De-contracting contribution to business performance

(JPY billion yen)

		FY		
		2017.3	2018.3	2019.3
Contribution to	Consolidated	1.3	4.6	3.7

※Selling profit , Construction profit

(JPY billion yen)

		FY		
		2017.3	2018.3	2019.3
Contribution to	Non Consolidated	0.2	3.0	1.9

※Dividend, Selling profit, Construction profit

- The renewable energy business calculates it as a test in a construction completion standard.
- The marine velocity of the wind, the biomass are achievements contribution an above period later.



# Sendai Airport concession

- September 2015 - Conclusion of a basic agreement
- November - Establishment of Sendai International Airport Co., Ltd.
- December - Establishment of management rights and conclusion of a license agreement
- February 2016 - Commencement of business for operations at the airport (building)
- March - Peach Aviation announces they will make Sendai Airport their fourth base
- April - Tiger Air Taiwan decides that it will start LCC international flights
- June - Asiana Airlines decides increase in the number of flights
- July - Complete transfer of business



■ Terminal building 1F (arrival area)/Repairs conducted in FY 2016



■ Terminal building 2F (departure area)/Repairs conducted in FY 2017



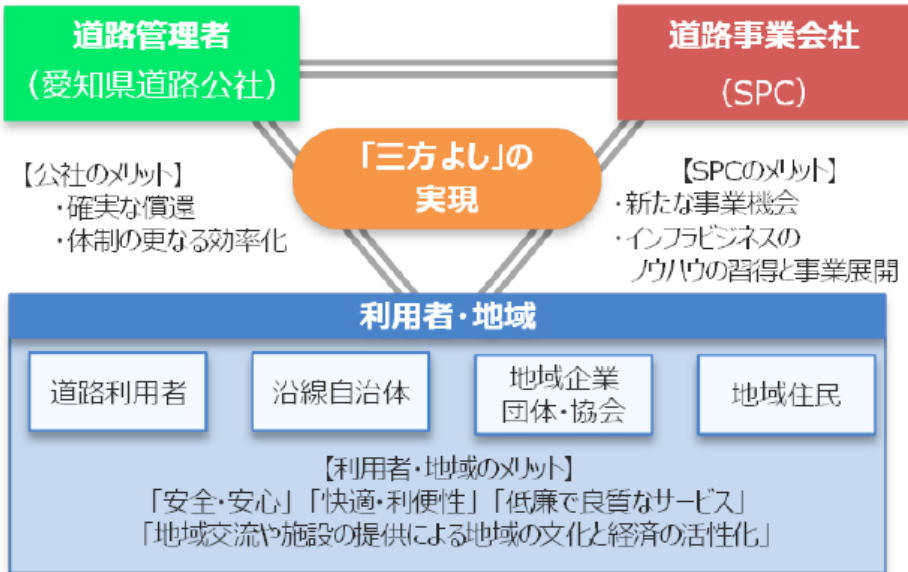
# Aichi Prefectural toll road Concession

## Schedule

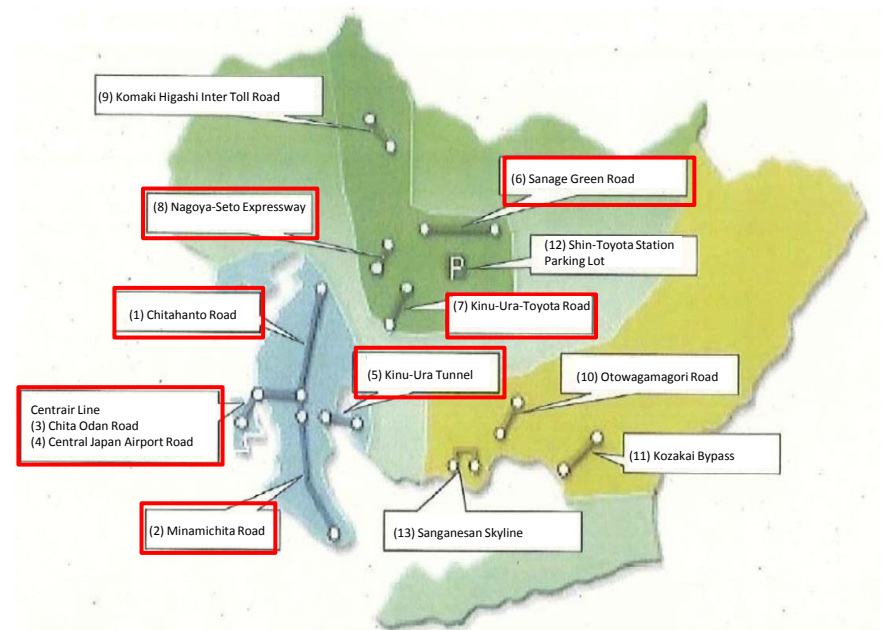
- July 2016 - Conclusion of a basic agreement
  - Establishment of management rights
- August - Conclusion of a license agreement
- October - Project commencement

8 toll road routes / Management period (longest)30 years  
 Value of the management rights:137.7 billion yen  
 Representative enterprise: Maeda Corporation  
 Construction company : Mori Trust, Daiwa House Industry, Daiwa Lease, Central Highway  
 Cooperation enterprise : Macquarie Corporate holdings Limited

公社と緊密に連携し、より高品質で低廉なサービスを利用者・地域に提供



Aichi Prefectural Road Public Corporation Route Map



# Exit Strategies

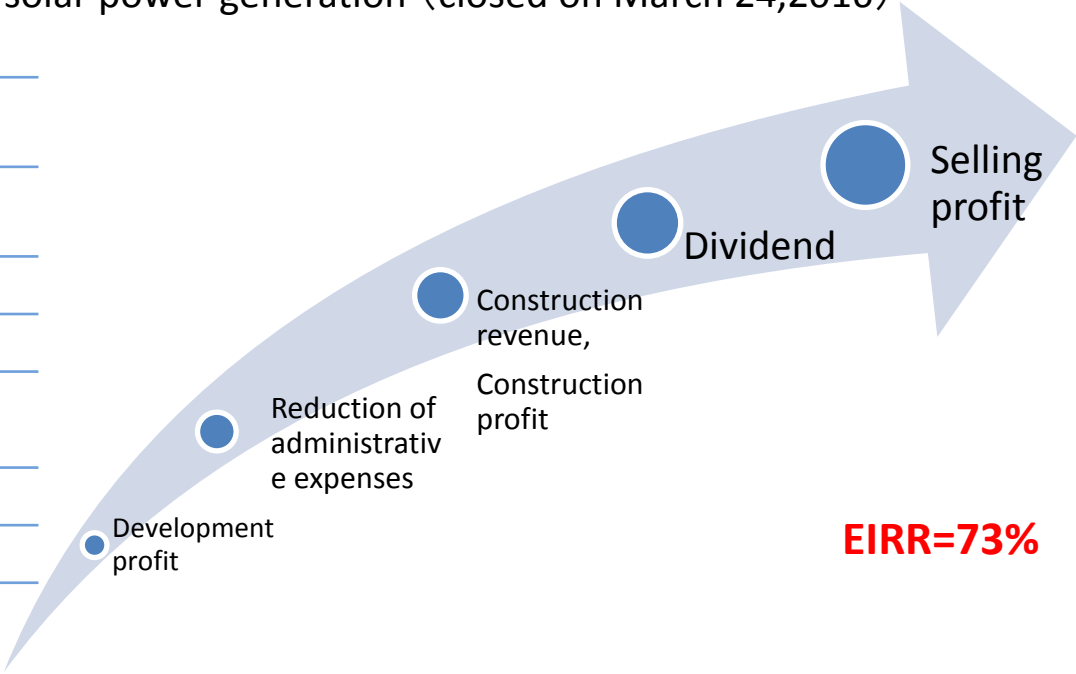
1 Sale out after the competitive bidding for plural investors

2 Sale to the Maeda's fund

3 Continue to hold (Aim for R&D)

1 ✓ EX) Sale of the kita-ibaraki solar power generation (closed on March 24,2016)

Power generation scale	4 power plants, total 6,490kW
Electric power selling	¥36/kWh (+Tax)
Start operation	August/December, 2015
Total project cost	2.27 billion
Financing	100% capital (MQ: Maeda=60:40)
Investment	December, 2014
Feasibility	PIRR 8.1%

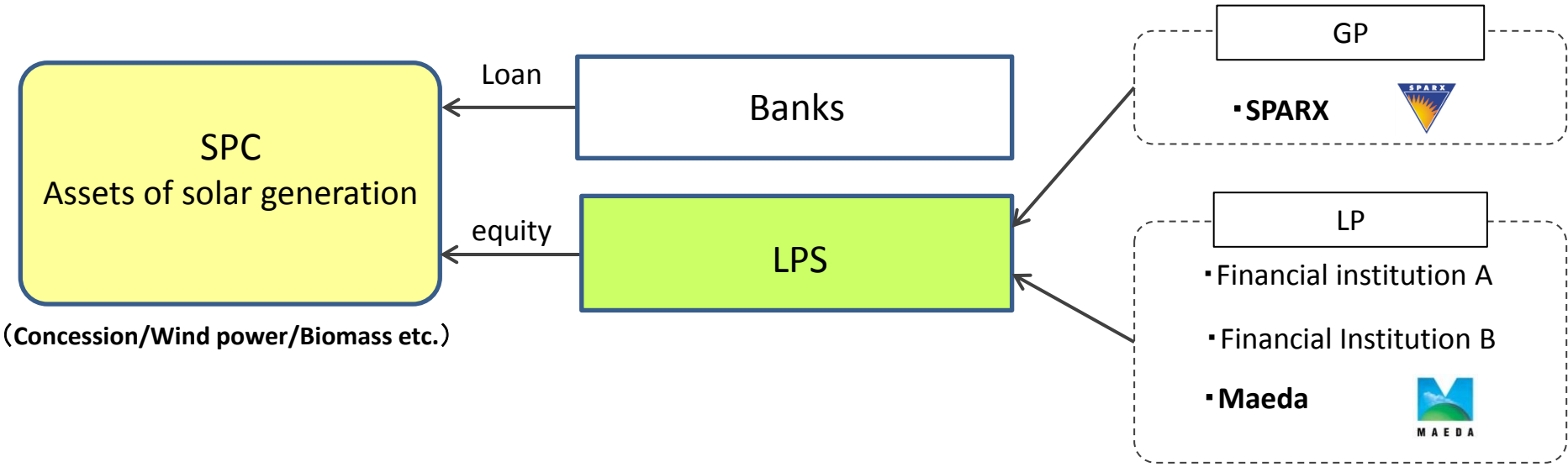


# Exit Strategies



2

- ✓ Determine the LP investment by refer to the sale scheme of SPARX
- ✓ The scheme for listing in TSE is currently under the development (Infrastructure Fund)



# 5 . Appendix

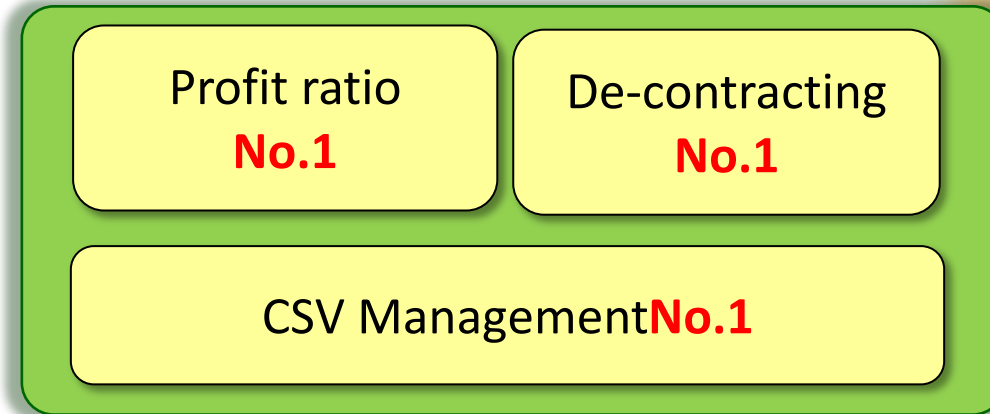
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# New Medium-Term Management Plan



## Maeda JUMP '16- '18

Conduct business aggressively  
for next 100 years



## Maeda STEP '13- '15

Developing of revenue channels

### Ensuring profits in core business

- (1) Enhancing Earnings Strength
- (2) Enhancing Group Power Strength

### Establishing new revenue channels

- (1) De-contracting
- (2) Globalization
- (3) Environmental Management

Medium-Term Management  
Plan(2010.4-2013.3)

Started approach toward new revenue channels



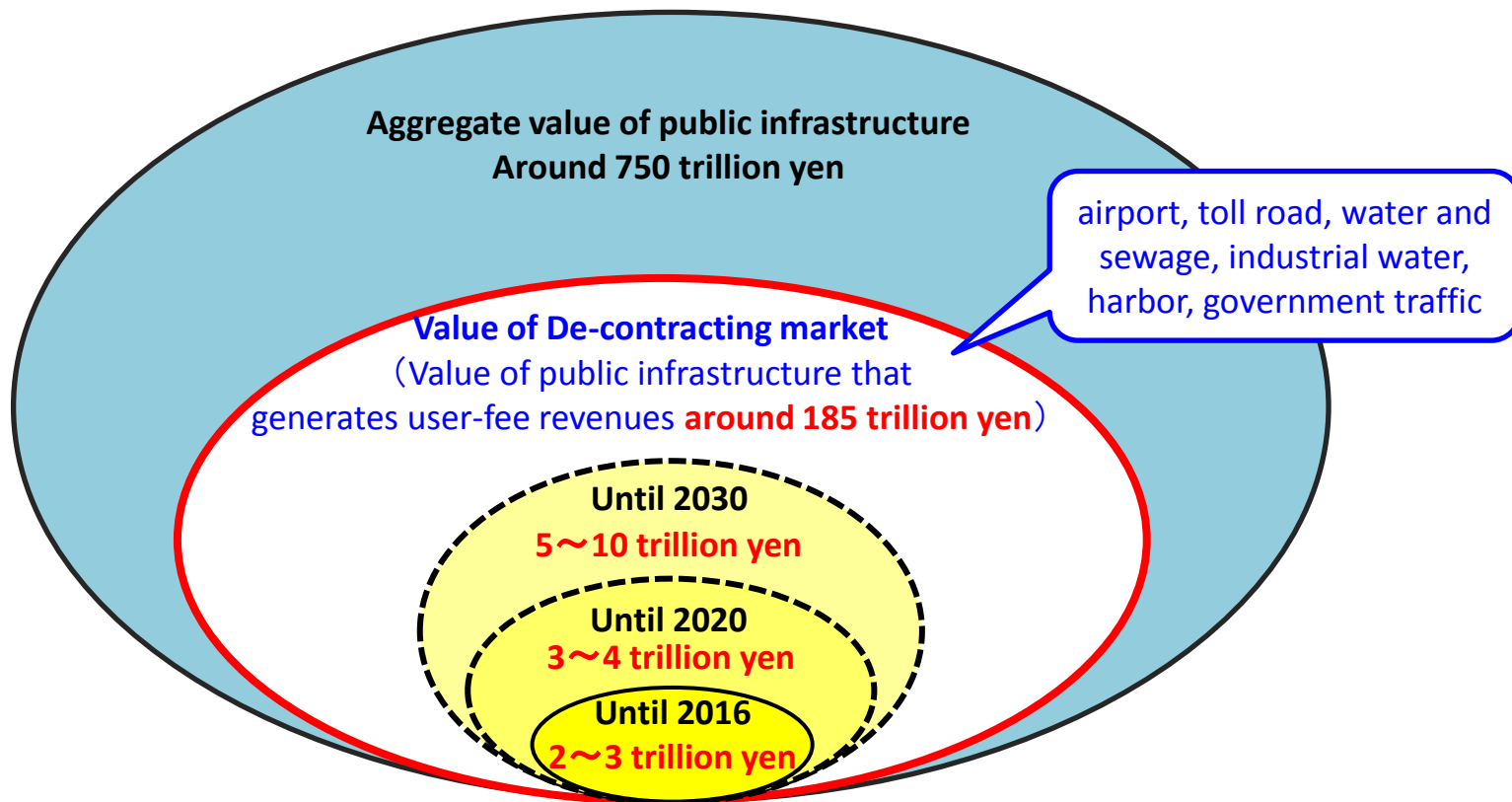
# FIT( Feed in Tariff ) Price

A buying up price, Period / application during 2016.4~2017.3

1\$(US)=¥105

generation	division	buying price per 1kWh	buying price per 1MWh	period
solar power	more than 10kW	¥24(+Tax)	228.6\$( +Tax)	20years
	under 10kW( buying the surplus )	¥33	314.3\$	10years
	under 10kW( standard home, buying the surplus )	¥27	257.1\$	10years
wind power	more than 20kW	¥22 (+Tax)	209.5\$ (+Tax)	20years
	under 20kW	¥55 (+Tax)	523.8\$ (+Tax)	
offshore wind power	—	¥36 (+Tax)	342.9\$ (+Tax)	20years
geothermal	more than 1.5万kW	¥26 (+Tax)	247.6\$ (+Tax)	15years
	under 1.5万kW	¥40 (+Tax)	380.9\$ (+Tax)	
hydroelectric	more than 1,000kW, under 30,000kW	¥24 (+Tax)	228.6\$ (+Tax)	20years
	more than 200kW, under 1,000kW	¥29 (+Tax)	276.2\$ (+Tax)	
	under 200kW	¥34 (+Tax)	323.8\$ (+Tax)	
small hydroelectric ( practical use of existing headraces )	more than 1,000kW, under 30,000kW	¥14 (+Tax)	133.3\$ (+Tax)	20years
	more than 200kW, under 1,000kW	¥21 (+Tax)	200.0\$ (+Tax)	
	under 200kW	¥25 (+Tax)	238.1\$ (+Tax)	
biomass	methane fermentation	¥39 (+Tax)	371.4\$ (+Tax)	20years
	wood chips from thinning materials	¥32 (+Tax)	304.8\$ (+Tax)	
	common wood chips, residue of crops	¥24 (+Tax)	228.6\$ (+Tax)	
	waste products of construction	¥13 (+Tax)	123.8\$ (+Tax)	
	general waste, the other biomass	¥17 (+Tax)	161.9\$ (+Tax)	

# Japan's public infrastructure and size of market for concession



- Japan's public infrastructure amounts to around 750 trillion yen on a stock basis
- Public infrastructure for concession that generates user-fee revenues amounts to 185 trillion yen out of the above 750 trillion yen  
= Target of de-contracting business

Refer :SMTRI