

## Summary of Consolidated Financial Results For the Year Ended March 31, 2017

DAIKYO INCORPORATED announces financial results for the year ended March 31, 2017. For more details, please refer to Full Year Financial Results and Fact Sheets.

### ■ Consolidated Statements of Operations

Year ended March 31	2016	2017	Change	(Millions of yen)
				Forecast 2017
Net sales	334,853	325,360	Δ 9,492	340,000
Operating income	18,318	20,523	2,204	20,000
Ordinary income	17,093	19,967	2,874	19,000
Profit attributable to owners of parent	12,628	14,044	1,416	14,000

### Consolidated Financial Results Summary

During the fiscal year under review, net sales decreased ¥9,492 million, or 2.8% year on year, to ¥325,360 million, operating income increased ¥2,204 million, or 12.0%, to ¥20,523 million, and ordinary income increased ¥2,874 million, or 16.8%, to ¥19,967 million. Profit attributable to owners of parent increased ¥1,416 million, or 11.2%, to ¥14,044 million.

Sales in the real estate development business declined due to fewer plans for completed condominiums than in the previous fiscal year. However, this was offset by an increase in income due to a higher condominium gross profit margin over the previous fiscal year, and in addition, higher income and profit in both the real estate management segment and real estate brokerage segment.

### ■ Results by Segment

#### Real Estate Management

Year ended March 31	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
	162,821	163,339	518	9,664	10,684	1,020	

#### Segment Summary

- In the real estate management segment, net sales increased ¥986 million year on year, due to gains in the number of management contracts for buildings and other facilities.
- Although sales of planned repair and maintenance work and small-scale contract work on condominiums increased, in work related to buildings and facilities, sales fell for work related to solar power generation plants. As a result, contract work sales decreased by ¥690 million year on year.
- As a result of these factors, net sales rose by ¥518 million and operating income increased by ¥1,020 million thanks to the success of cost-saving initiatives in each business.
- The number of condominium units managed totaled 531,957 units (530,095 units at the end of the previous fiscal year).
- The volume of contract work orders received as of the end of the fiscal year was ¥28,339 million (compared with ¥

## Real Estate Brokerage

Year ended	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
March 31	<b>54,904</b>	<b>62,249</b>	<b>7,345</b>	<b>3,233</b>	<b>3,449</b>	<b>216</b>	

### Segment Summary

- Brokerage transactions increased over the previous fiscal year, and the unit price for sales also rose. As a result, real estate brokerage income increased ¥358 million over the previous fiscal year.
- Existing real estate sales increased ¥6,744 million year on year, as a result of the number of renovated condominium units sold having gained year on year, in conjunction with an increase in the average unit price.
- As a result, net sales increased ¥7,345 million year on year, and operating income increased ¥216 million.
- The number of brokerage transactions increased by 264 to 6,828 transactions. In addition, the number of renovated condominium units sold increased by 229 to 1,465 units, increasing for the fifth straight fiscal year and reaching a record-high number of units sold.
- The number of brokerage offices was 70 as of the end of the fiscal year (compared with 67 offices as of the end of the previous fiscal year).

## Real Estate Development and Sales

Year ended	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
March 31	<b>122,211</b>	<b>104,684</b>	<b>Δ 17,526</b>	<b>8,667</b>	<b>8,987</b>	<b>320</b>	

### Segment Summary

- The number of completed condominiums fell from 44 (2,830 units) in the previous fiscal year to 38 (2,601 units) in this fiscal year due to a rigorous property acquisition process in three metropolitan areas. As a result, the number of condominiums sold decreased by 415 over the previous fiscal year to 2,565. Net sales fell ¥14,105 million to ¥93,969 million.
- The condominium gross profit margin rose 2.8 pp year on year to 25.7% as a result of appropriate profit levels being made the top priority in sales activities, in parallel with monitoring market trends.
- As a result, net sales decreased ¥17,526 million year on year, and operating income increased ¥320 million.
- The number of completed new condominiums in inventory fell from 450 units as of the end of the previous fiscal year to 294 units at the end of the fiscal year under review.
- In condominium sales, the number of contracted units decreased by 306 units year on year to 2,169 units. Progress made in contracts as of the end of the fiscal year amounts to 45% of the full-year forecast of condominium sales for the fiscal year ending March 31, 2018.

## ■ State of Dividends

The Company has decided to pay a year-end dividend of ¥6 per share, as announced on October 26, 2016.

## ■ Outlook for the Fiscal Year Ending March 31, 2018

(Millions of yen)

Year ended March 31	2017	Forecast 2018	Change	Percentage change
Net sales	325,360	340,000	14,640	4.5%
Operating income	20,523	19,000	Δ 1,523	Δ 7.4%
Ordinary income	19,967	18,000	Δ 1,967	Δ 9.9%
Net income attributable to parent company shareholders	14,044	12,000	Δ 2,044	Δ 14.6%

### Performance Forecast by Segment

(Millions of yen)

Year ended March 31	2017		Forecast 2018		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	163,339	10,684	177,000	11,300	13,660	615
Real Estate Management	62,249	3,449	65,000	3,900	2,750	450
Real Estate Brokerage	104,684	8,987	102,000	7,100	Δ 2,684	Δ 1,887
Adjustments (Eliminations or Corporate Assets/Expenses)	Δ 4,913	Δ 2,598	Δ 4,000	Δ 3,300	913	Δ 701
Total	325,360	20,523	340,000	19,000	14,639	Δ 1,523

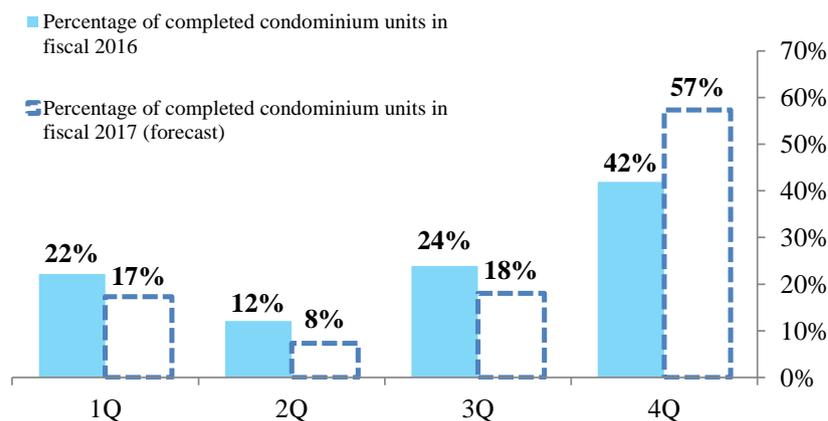
• In the fiscal year ending in March 2018, we expect gains in sales and income in both the real estate management segment and the real estate brokerage segment, but forecast lower sales and income primarily due to a reduction in the number of completed condominiums in the real estate development and sales segment. As a result, we expect consolidated net sales to increase ¥14,639 million to ¥340,000 million and operating income to decrease ¥1,523 million to ¥19,000 million.

• We are making steady progress in acquiring sites, primarily in key outlying cities, and expect the number of completed new condominiums at the end of the fiscal year ending in March 2019 to total about 2,650, exceeding levels in the fiscal years ended in March 2017 and ending in March 2018 (2,256 units as planned).

• Based on our basic policies for shareholder returns—stability, continuity and enhancing sustainable returns—we have taken into account earnings forecasts as well as the balance between dividends and investments for profit growth and plan to pay dividends of ¥60 per share. (\*1)

(\*1) At the meeting of the Board of Directors held on May 15, 2017, a decision was reached to submit proposals to the 93rd Ordinary General Meeting of Shareholders of the Company, to be held on June 22, 2017, with respect to share consolidation. Shares will be consolidated at the ratio of 10 shares to 1 share and this change will be subject to approval at the 93rd Ordinary General Meeting of Shareholders, and will take effect on October 1, 2017. As a result, the dividends per share in the next fiscal year, taking into account this share consolidation, is noted here. We forecast dividends of ¥6 per share in the next fiscal year when not taking into account the share consolidation.

Reference: Percentage of completed new condominium units in each quarter in fiscal 2016 and fiscal 2017 (\*2)



(\*2) The percentage of completed new condominium units is calculated based on the first day of residence.