

**Results of Operations
for the Fiscal Year Ended March 31, 2019 (Fiscal 2019)**



May 22, 2019

DAIKEN CORPORATION

(Security Code: 7905)

Contents

1. Fiscal 2019 Financial Results

■ Fiscal 2019 Financial Results	4
■ Fiscal 2019 Business Segment Results	5
■ Fiscal 2019 Changes in Operating Profit	6
■ Fiscal 2019 Three Priority Markets Sales (Public and Commercial Buildings, Global Markets, Home Renovation Market)	7-9
■ Fiscal 2019 Consolidated Statement of Income, Consolidated Balance Sheet, Consolidated Statement of Cash Flows	10-12

2. Medium-Term Management Plan GP25 2nd Stage (Fiscal 2020 to 2022)

■ Long-Term Vision GP25 (The Daiken Group's Goals for 2025)	14
■ Positioning of the Medium-Term Management Plan GP25 2nd Stage	15
■ Previous Medium-Term Management Plan GP25 1st Stage: Status of the Achievement of the Management Goals	16
■ Medium-Term Management Plan GP25 2nd Stage Basic Policy	17
■ Management Goals	18
■ Strategies and Goals by Business Segment	19
■ Market Strategies and Goals	20
■ Start of North American Wood Materials Business	21
■ The U.S. Housing Market and Outlook for Demand	22
■ Enhancement of the Management Foundation	23
■ Investments Toward the Enhancement of Growth and Foundation, and Optimize Our Financial Basis	24
■ Capital Policy/Shareholder Return	25
■ Practice of ESG Management	26
■ Process of Creating Value	27

3. Fiscal 2020 Forecast

■ Fiscal 2020 Forecast	29
■ Fiscal 2020 Changes in Operating Profit (Forecast)	30
■ Fiscal 2020 Business Segment Sales Forecasts	31
■ Fiscal 2020 Market Category Sales Forecasts	32

Fiscal 2019

Financial Results

Fiscal 2019 Financial Results

- ◆ Net sales increased 7.3% while the housing starts increased 0.7%
- ◆ Operating profit was down 23.8% because of higher expenses and the impact of problems involving procurement activities and IT systems
- ◆ The dividend per share was unchanged at 74 yen as in the initial forecast

(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change
Net sales	170,581	182,962	+7.3%
Operating profit	7,519	5,733	-23.8%
Operating profit ratio	4.4%	3.1%	-1.3pt
Ordinary profit	8,760	6,838	-21.9%
Profit attributable to owners of parent	5,895	4,402	-25.3%
Earnings per share (yen)	244.60	174.55	-70.05
Dividend per share (yen)	74	74	±0
Dividend payout ratio	30.3%	42.4%	+12.1pt
ROE	11.7%	7.8%	-3.9pt

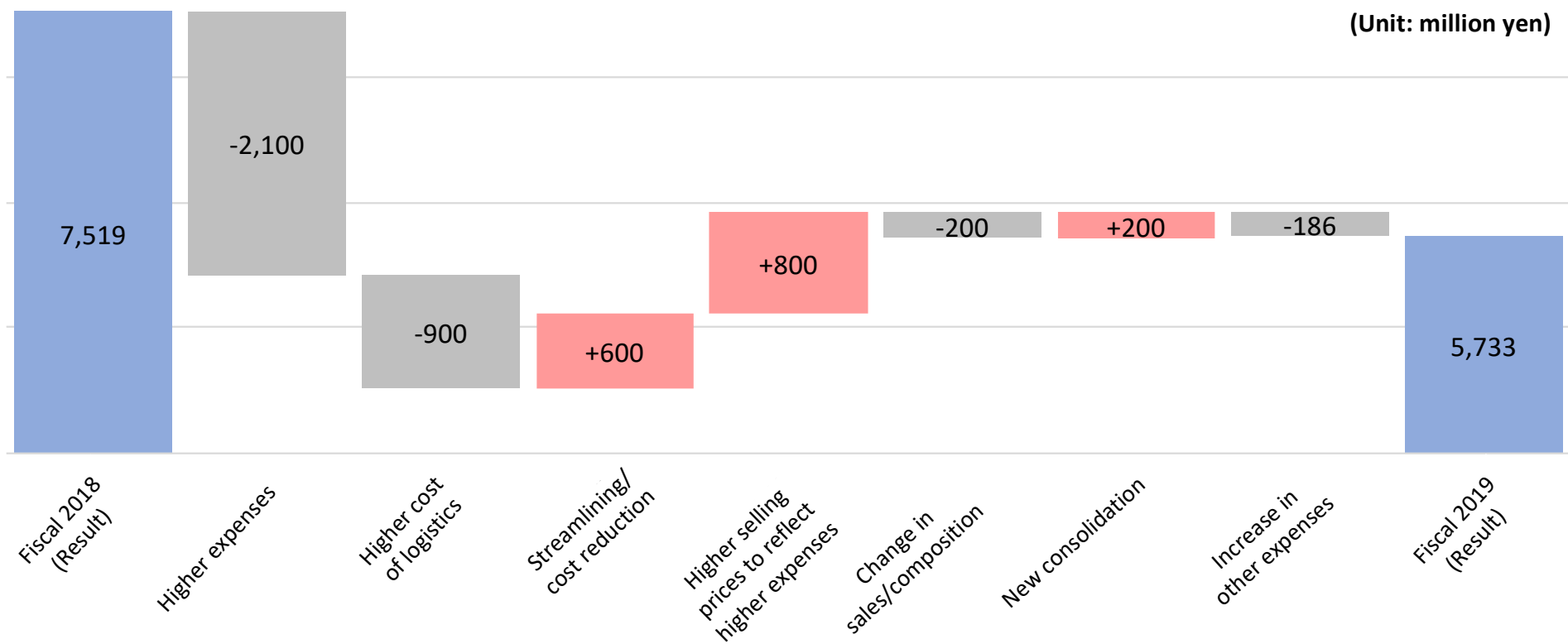
Fiscal 2019 Business Segment Results

- ◆ **Industrial Materials Business:** Sales increased due to the new consolidation of the New Zealand MDF plant but profit decreased because of the higher cost of wood chips, petrochemicals and other raw materials and the impact of problems involving procurement activities
- ◆ **Building Materials Business:** Sales of floor, door, soundproofing and other products increased as housing starts were strong and materials were increasingly used at public and commercial building projects. But the higher cost of raw materials and logistics and the impact of IT system problems caused profit to decline
- ◆ **Engineering Business:** Sales increased due to growth of the renovation business and profit increased because of higher profit margins at interior projects at office and other buildings

(Unit: million yen)	Net sales		Operating profit	
	Fiscal 2019 (Result)	YoY change	Fiscal 2019 (Result)	YoY change
Industrial Materials Business	61,843	+11.7%	1,132	-42.1%
Building Materials Business	89,485	+3.0%	3,189	-30.6%
Engineering Business	18,063	+9.8%	1,015	+92.3%
Others	13,569	+13.9%	395	-9.4%
Total	182,962	+7.3%	5,733	-23.8%

Fiscal 2019 Changes in Operating Profit

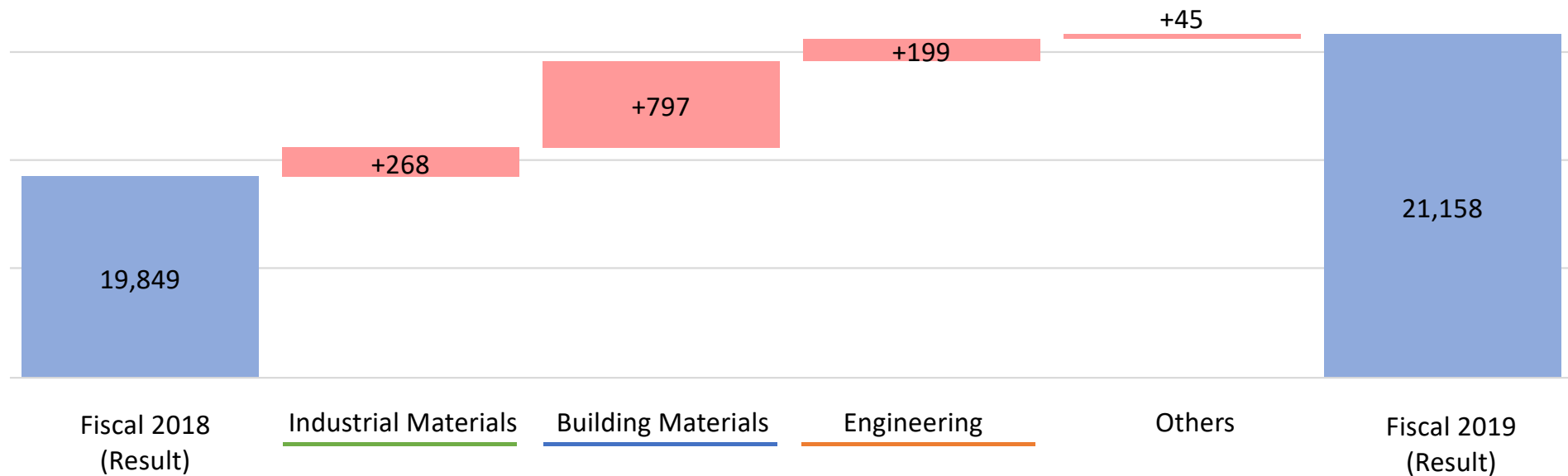
- ◆ Higher expenses: Increase in prices of imported plywood, wood chips, energy, petrochemicals and other raw materials
- ◆ Higher cost of logistics: Higher cargo transportation rates
- ◆ Streamlining/cost reduction: Reexamination of all categories of items purchased
- ◆ Higher selling prices to reflect higher expenses: Prices of industrial materials and flooring materials made of imported plywood were increased
- ◆ Change in sales/composition: Impact of procurement and IT system problems
- ◆ New consolidation: New consolidation of the New Zealand MDF plant



Fiscal 2019 Public and Commercial Buildings Sales

- ◆ **Industrial Materials Business:** Sales increased due to an increase in the use of Dai-Lite wall materials
- ◆ **Building Materials Business:** Sales increased because orders increased for flooring materials and doors
- ◆ **Engineering Business:** Second half recovery in orders for interior finishing work at office and other buildings raised sales

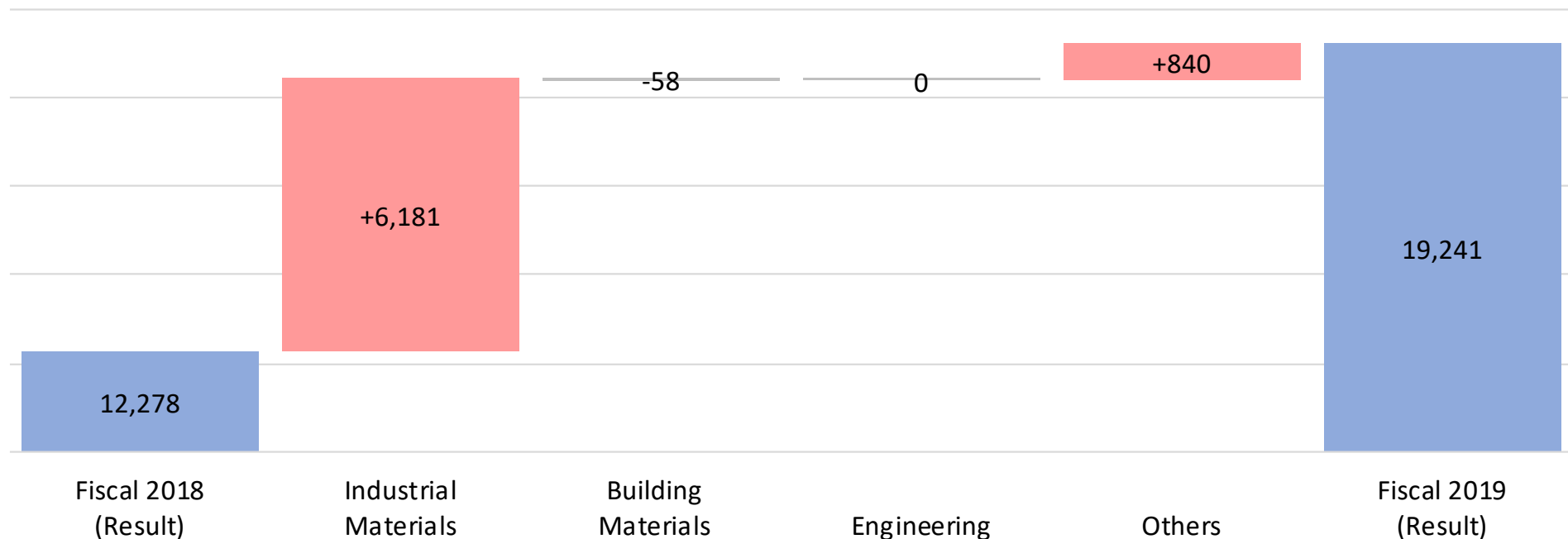
(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change (amount)	YoY change
Public and commercial buildings	19,849	21,158	+1,309	+6.6%



Fiscal 2019 Global Markets Sales

- ◆ **Industrial Materials Business:** Sales increased due to the new consolidation of the New Zealand MDF plant
- ◆ **Building Materials Business:** Sales decreased due to sluggish growth of sales in China and Indonesia
- ◆ **Others:** More purchasing and sales of industrial materials for creating new sales channels

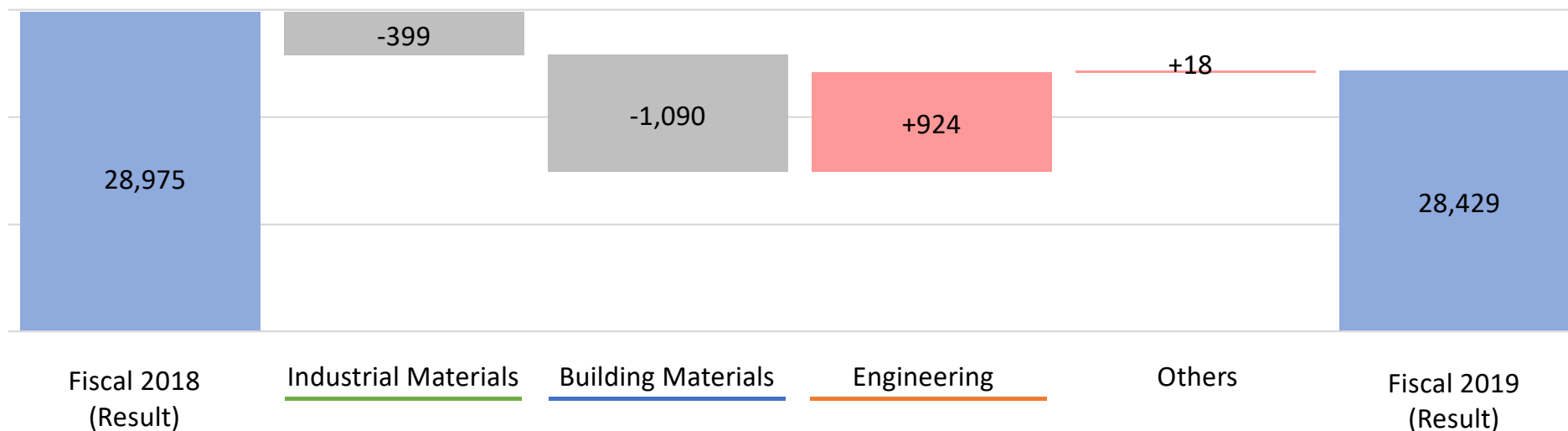
(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change (amount)	YoY change
Global markets	12,278	19,241	+6,964	+56.7%



Fiscal 2019 Home Renovation Market Sales

- ◆ **Industrial Materials Business:** Sales decreased due to lower sales of tatami mats
- ◆ **Building Materials Business:** Sales decreased due to weaker sales of flooring materials, door and other interior building materials
- ◆ **Engineering Business:** Sales increased due to growth of the renovation business

(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change (amount)	YoY change
Home renovation market	28,975	28,429	-546	-1.9%



Fiscal 2019 Consolidated Statement of Income

(Information about non-operating profit (expenses) and extraordinary income (losses))

(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change
Net sales	170,581	182,962	+12,381
Gross profit	42,635	43,673	+1,038
SG&A expenses	35,116	37,940	+2,824
Operating profit	7,519	5,733	-1,786
Non-operating profit (expenses)	+1,242	+1,105	-137
Ordinary profit	8,760	6,838	-1,922
Extraordinary income (losses)	-418	+463	+881
Profit before income taxes	8,342	7,301	-1,041
Total income taxes	2,318	2,703	+385
Profit	6,023	4,597	-1,426
Profit attributable to non-controlling interests	128	195	+67
Profit attributable to owners of parent	5,895	4,402	-1,493

◆ Non-operating profit (expenses) -137

<Major factors>

Foreign exchange losses	-321
Dividend income	+27
Interest expenses	+30

◆ Extraordinary income (losses) +463

<Major factors>

Gain on sales of investment securities	+165
Compensation income	+953
Loss on retirement of non-current assets	-220
Loss on valuation of investment securities	-104
Compensation expenses	-347

Exchange rate (yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change
USD	106.26	110.92	+4.66
NZD	79.15	75.45	-3.70
MYR	26.59	27.18	+0.59

Fiscal 2019 Consolidated Balance Sheet (Major components)

(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)	YoY change
Cash and deposits	10,767	16,865	+6,098
Notes and accounts receivable-trade	47,518	50,511	+2,993
Inventories	16,799	21,363	+4,564
Other current assets	2,043	2,795	+752
Total current assets	77,130	91,553	+14,423
Property, plant and equipment	36,847	41,321	+4,474
Intangible assets	2,580	6,375	+3,795
Investments and other assets	24,112	20,831	-3,281
Total assets	140,776	160,158	+19,382

Notes and accounts payable	26,398	30,573	+4,175
Bonds and loans payable	21,811	30,682	+8,871
Other current/non-current liabilities	35,581	37,153	+1,572
Total liabilities	83,797	98,416	+14,619
Total shareholders' equity	46,670	53,460	+6,790
Total net assets	56,979	61,741	+4,762
Total liabilities and net assets	140,776	160,158	+19,382

ROA (Return on assets)	6.4%	4.5%	-1.9pt
Shareholder equity ratio	38.5%	36.8%	-1.7pt
Debt-equity ratio (multiple)	0.40	0.52	+0.12

◆ Notes and accounts receivable +2,993

<Major factors>

Sales as other receivables were held

◆ Inventories +4,564

<Major factors>

New consolidation

+2,317

Work in process

+437

Apartment renovation

+359

◆ Property, plant and equipment +4,474

<Major factors>

Acquisition/construction in progress

+5,877

New consolidation

+2,543

Depreciation

-3,366

Exchange rate changes, etc.

-580

◆ Intangible assets +3,795

<Major factors>

Increase in goodwill due to new consolidation

+4,370

◆ Investments and other assets -3,281

<Major factors>

Decrease in valuation difference on investment securities

-3,097

◆ Notes and accounts payable +4,175

<Major factors>

Purchases as other payables were held

◆ Bonds and loans payable +8,871

<Major factors>

Procurement of funds for acquisition and other reasons

◆ Total net assets +4,762

<Major factors>

Issuance of shares

+4,267

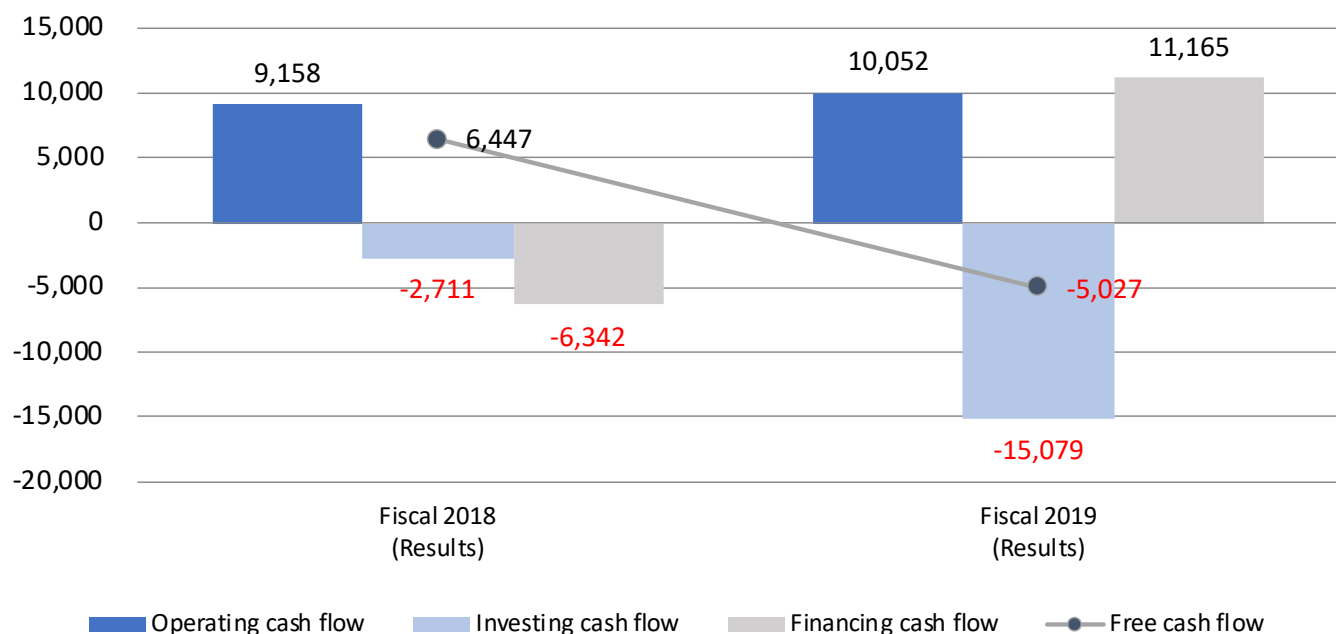
Fiscal 2019 Consolidated Statement of Cash Flows (Major components)

(Unit: million yen)	Fiscal 2018 (Result)	Fiscal 2019 (Result)
Operating cash flow	+9,158	+10,052
Investing cash flow	-2,711	-15,079
Free cash flow	+6,447	-5,027
Financing cash flow	-6,342	+11,165
Cash and cash equivalents at end of period	10,767	16,865
Capital expenditures	3,081	6,586
Depreciation	3,768	4,134

◆ **Operating cash flow** **+10,052**
 <Major factors>
 Profit before income taxes +7,301
 Depreciation +4,134
 Changes in notes and accounts
 receivable/payable-trade +2,914
 Increase in inventories -3,914
 Income taxes paid -1,446

◆ **Investing cash flow** **-15,079**
 <Major factors>
 Purchase of property, plant and
 equipment -6,932
 Purchase of shares of subsidiaries
 resulting in change in scope of
 consolidation -8,237

◆ **Financing cash flow** **+11,165**
 <Major factors>
 Increase in bonds and loans payable
 +8,892
 Issuance of shares +4,267
 Cash dividends paid -1,902



Medium-Term Management Plan GP25 2nd Stage

(Fiscal 2020 to 2022)

Long-Term Vision GP25 (The Daiken Group's Goal for 2025)

2025

Long-Term Vision GP25

Grow/Glow Plan 25

Grow

The Group will work to transform into an enterprise that meets the expectations of customers and markets while contributing to a better society.

Glow

The Group will work to become an enterprise that people rate highly for its attractive working environment and as a place where employees can work positively and enthusiastically.

Significance of Existence and Ambitions

1. Contribute to the building of a sustainable society by efficiently using limited resources
2. Enrich peoples' minds by creating more comfortable and secure spaces

How we should be in 2025:

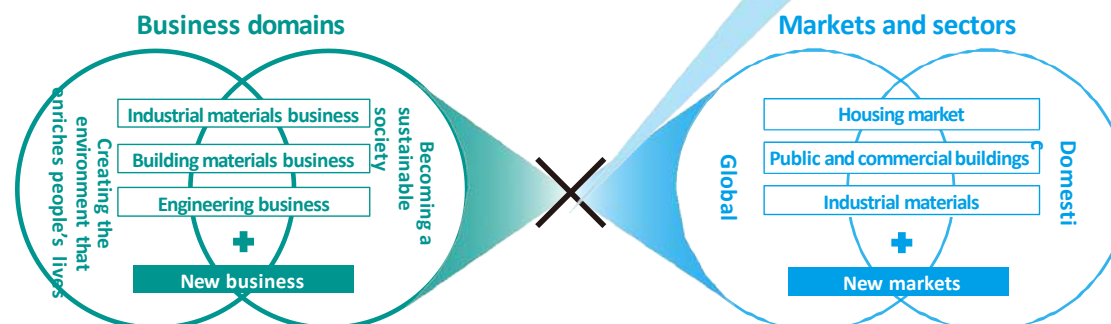
1. Leading global company for industrial materials, building materials, and engineering
2. Continue to challenge new business areas and grow the fourth pillar
3. Earn a great reputation among professionals for consumer-oriented product development, proposal capabilities, problem-solving skills, and organizational strength
4. Company culture that admires challenges, and system established to support challenges
5. Governance is strengthened to support sustainable growth and improvement of medium-to long-term corporate value

Business domains, markets, and sectors targeting Long-Term Vision GP25

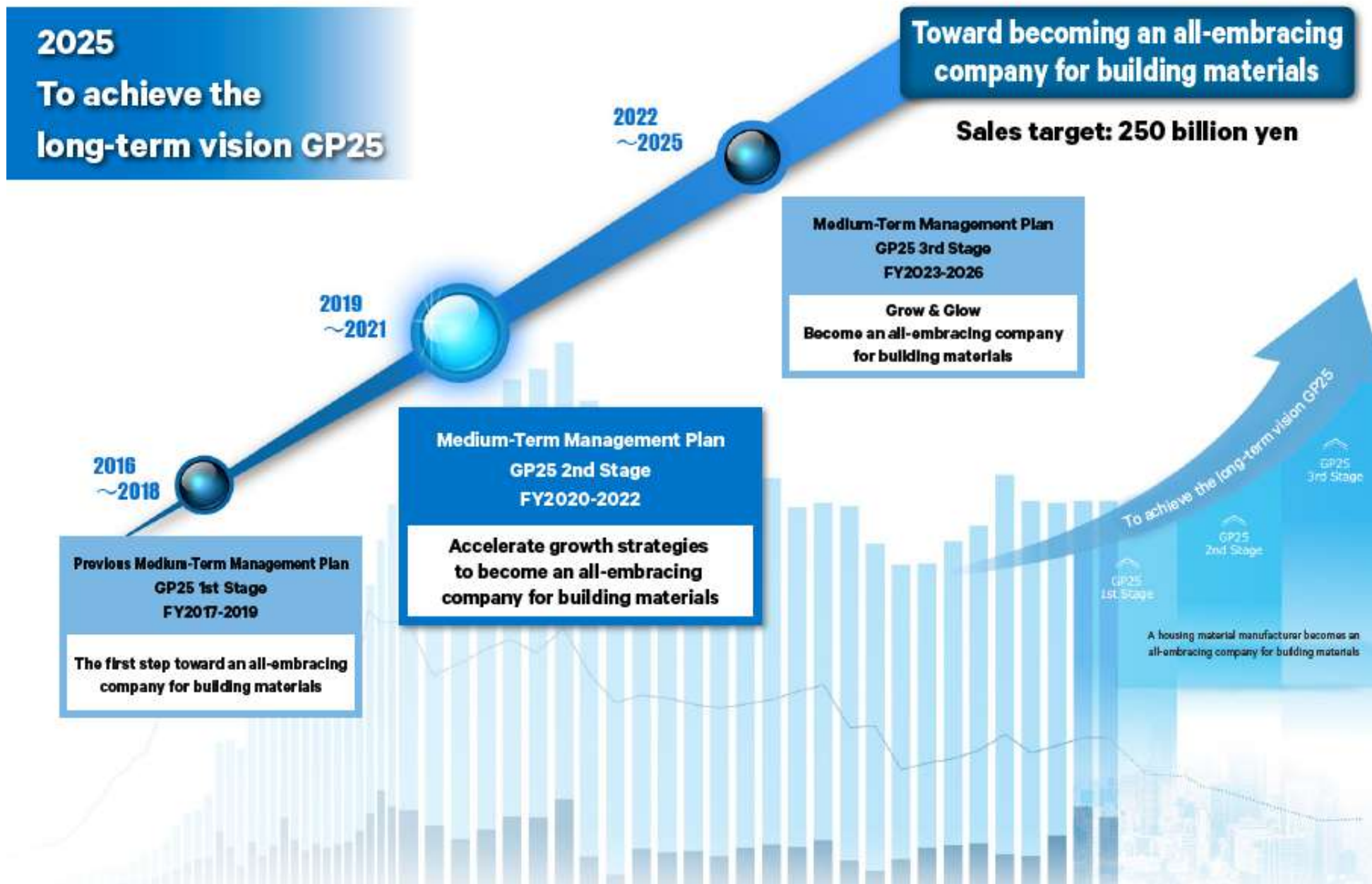
From the current image as a housing materials manufacturer to the following:

- Supply building materials and industrial materials for building materials as well as construction
- Expand business areas from housing to public and commercial buildings, and industrial materials
- Expand into global markets

Toward becoming on all-embracing company for building materials



Positioning of the Medium-Term Management Plan GP25 2nd Stage



Status of the Achievement of the Management Goals

- We achieved the sales and net profit goals and we continued to distribute earnings to shareholders based on the policy of a dividend payout ratio of at least 30%
- There was an operating profit for two consecutive years following the consolidation, including record-high earnings, but unable to be profitable in the plan's final fiscal year
- Regarding sales for three priority markets, sales of global markets reached the goals. We could not achieve the goals in the public and commercial building despite higher sales for three consecutive fiscal years. The home renovation market did not reach the goals.

(Unit: 100 million yen)

		Result		Goal		
		Fiscal 2016	Fiscal 2019	Fiscal 2017	Fiscal 2018	Fiscal 2019
Management goals	Net sales	1,681	1,800	1,688	1,705	1,829
	Operating profit	55	70	85	75	57
	Ordinary profit	52	70	90	87	68
	Profit attributable to owners of parent	39	43	51	58	44
	ROE	9.8%	8%	11.7%	11.7%	7.8%
	Dividend payout ratio (%)	30.4%	30% or more	30.1%	30.3%	42.4%
Net sales for three priority markets	Public and commercial buildings	166	285	168	199	211
	Global markets	96	143	110	123	192
	Home renovation market	283	299	288	290	284
	Total	545	727	566	612	687

Basic Policy

Basic policy

Based on firm management foundation, pursue the resolution of social issues through our business, thereby accelerating growth strategies toward becoming an all-embracing company for building materials.

I. Accelerating growth strategies

Japan: Review of the business (market) portfolio

Global: Expand the business through aggressive investments and entry into new markets

II. Enhancement of the management foundation

1. Optimize our financial foundation

2. Restructure firm and flexible business infrastructure

3. Practice of ESG management

Management Goals

Management goals

I. Accelerating growth strategies

(Unit: 100 million yen)	Fiscal 2019 Result
Net sales	1,829
Domestic market	1,637
Global market	192
Operating profit	57
Operating profit ratio	3.1%
Profit attributable to owners of parent	44



Fiscal 2020 (forecast)	Fiscal 2022 Target	Increase/ Decrease
2,100	2,250	+421
1,720	1,730	+93
380	520	+328
104	120	+63
5.0%	5.3%	+2.2pt
60	70	+26

II. Enhancement of the management foundation

Financial indices (Fiscal 2022)		
Efficiency	ROE	10%
	ROA	7%
Soundness	Shareholder equity ratio	40%
Shareholder return	Dividend payout ratio (%)	30% or more

Non-financial indices (Fiscal 2022)		
E	Total CO ₂ emissions in Japan ^{*1}	-26%
S	Total diversity index ^{*2}	+20 pt
	Serious quality accidents and violations	0
G	Degree of penetration of the Group Corporate Philosophy ^{*3}	+10 pt

*1: Compared to fiscal 2014

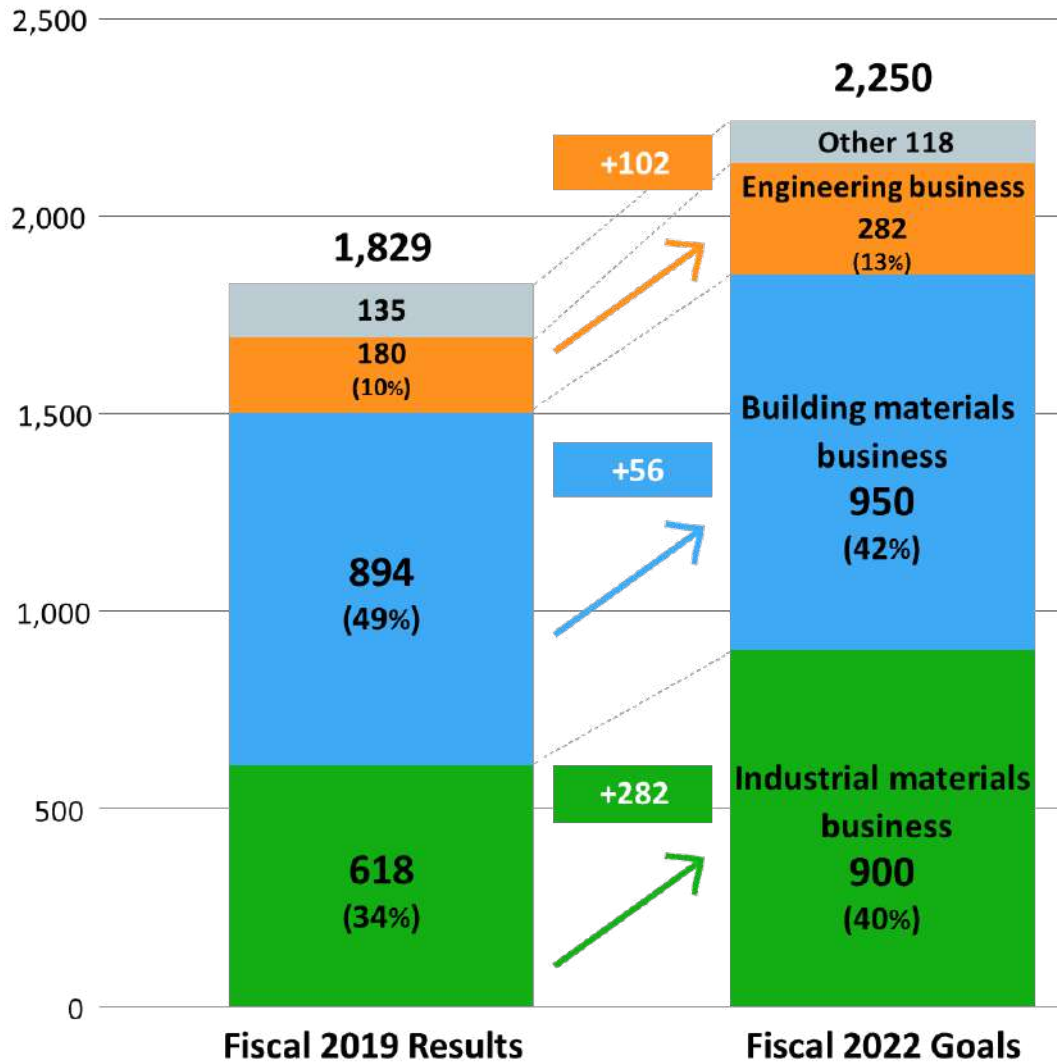
*2: Our own indices in which the eight diversity items, such as the female manager ratio, were indexed as compared to fiscal 2019

*3: Our own indices in which employees' understanding, sharing, and practice of the Group Corporate Philosophy were indexed as compared to fiscal 2018

Strategies and Goals by Business Segment

Business segment sales

(100 million yen)



Industrial materials business

Globally expand the markets and applications by taking advantage of sustainability and functionality and maximize the fixed asset efficiency

- Invest in the North American wood industrial materials business (LVL/veneer) and expand into the North American market
- Pursue optimization of the production system
- Accelerate application development centering on the resolution of social issues
- Start the non-combustible business for wood materials
- Consider commercialization of wood material use for the agricultural and gardening markets
- Consider commercialization of new wood materials

Building materials business

By taking advantage of the industrial materials business and functional and construction saving-type building materials, increase our share in the housing market and expand in the public and commercial building fields

- Further expand the differentiated products that can keep getting chosen
- Expand the product/sales networks by fully utilizing M&A and external resources

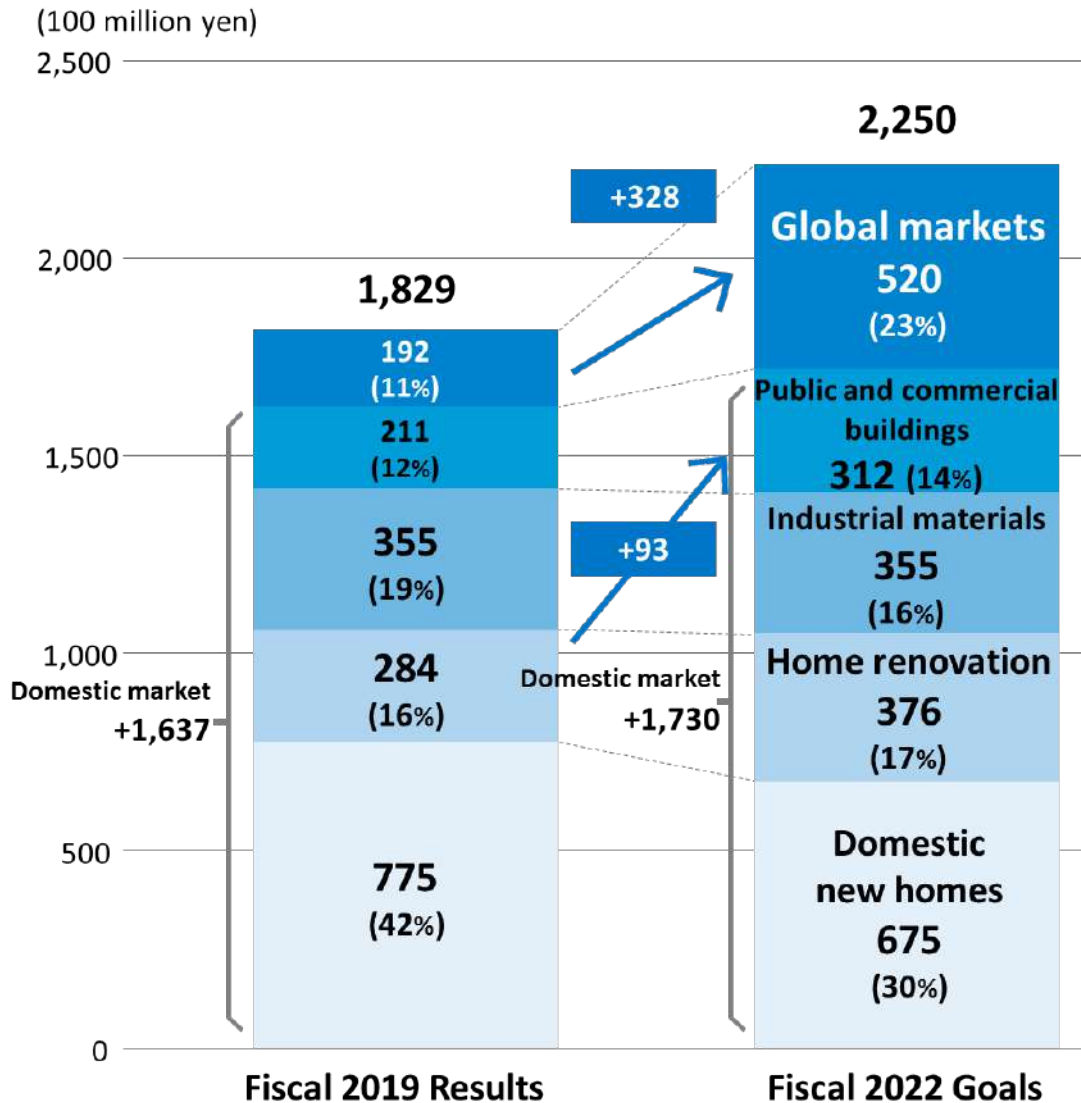
Engineering business

Expand construction domains, areas and sources of orders by using M&A and cooperation with other companies

- Expand the construction company's business targeting the priority markets (public and commercial buildings, remodeling, and renovation)

Market Strategies and Goals

■ Sales by market



Global markets

Accelerate global expansion with a focus on the industrial materials business through aggressive investments

- Invest in the North American wood industrial materials business (LVL/veneer) and expand into the North American market
- Continuously expand wood industrial materials with a focus on MDF
- Put the Chinese and Indonesian building materials businesses on a path toward stable growth and shift to the growth strategy

Public and commercial buildings

Expand investments including M&A and accelerate growth

- Expand the product lineup (The medical field will be the new focused target)
- Improve infrastructure for the expansion of the markets, such as logistics, correspondence of drawings, and the sales structure.
- Expand the product and sales networks, including cooperation with other companies and M&A

Industrial materials

Cover the decrease in these for housing with application development and expand industrial materials business

- Focus on application development for the new markets and fields
- Promote the development of and search the applications of new materials and R&D products

Home renovation market

Expand in the renovation market from a perspective of development of functional products and methods

- Expand the renovated properties and renovation work in the Tokyo metropolitan area
- Focus on the expansion of the products for renovation, such as construction savings and waste savings

Domestic new home market

Restructure the sales structure in response to changes in the market and customer needs, and increase our share

- Continuously enhance the products and proposals from the perspective of functionality, such as soundproofing and construction work saving.
- Enhance the collaborative system with key distribution companies as well as a system to make proposal to key customers

Domestic market

Start of North American Wood Materials Business

The long-term vision includes the goal of speeding up global growth and the expansion of overseas markets in the industrial materials business. To accomplish this goal, Daiken made CIPA, which operates a Canadian veneer factory and was an Itochu consolidated subsidiary, and PWT, which operates a U.S. LVL^(*) factory, subsidiaries. This established a base to start a wood materials business in North America to serve the North American wood housing market, the largest in the world.



CIPA Lumber Co. Ltd. (CIPA)

Established: April 30, 1968
Location: Delta, British Columbia, Canada
Capital: 23,000 thousand CAD
(1,955 million yen)
Business: Manufacture of veneers,
lumber sorting

Yen translations of capital use exchange rates of 85 yen to the Canadian dollar and 110 yen to the U.S. dollar.



PACIFIC WOODTECH CORPORATION (PWT)

Established: January 7, 1998
Location: Burlington, Washington, USA
Capital: 26,000 thousand USD
(2,860 million yen)
Business: Manufacture and sales of
structural LVL and wood I-joists

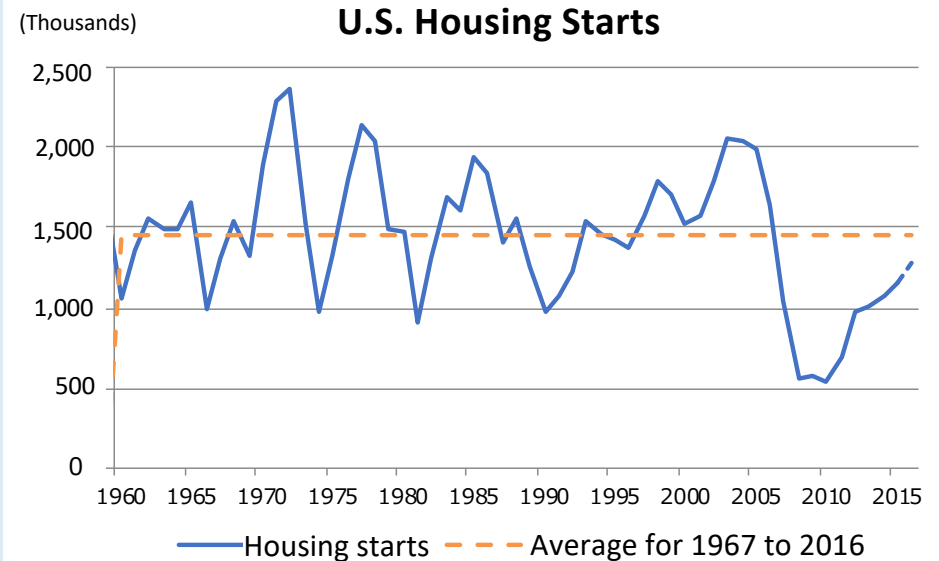
* Laminated veneer lumber: An engineered wood product made by cutting logs into thin sheets and then stacking and bonding the sheets with fibers parallel. Used for home columns, beams and other structural elements and for the fabrication of furniture and building materials.

The U.S. Housing Market and Outlook for Demand

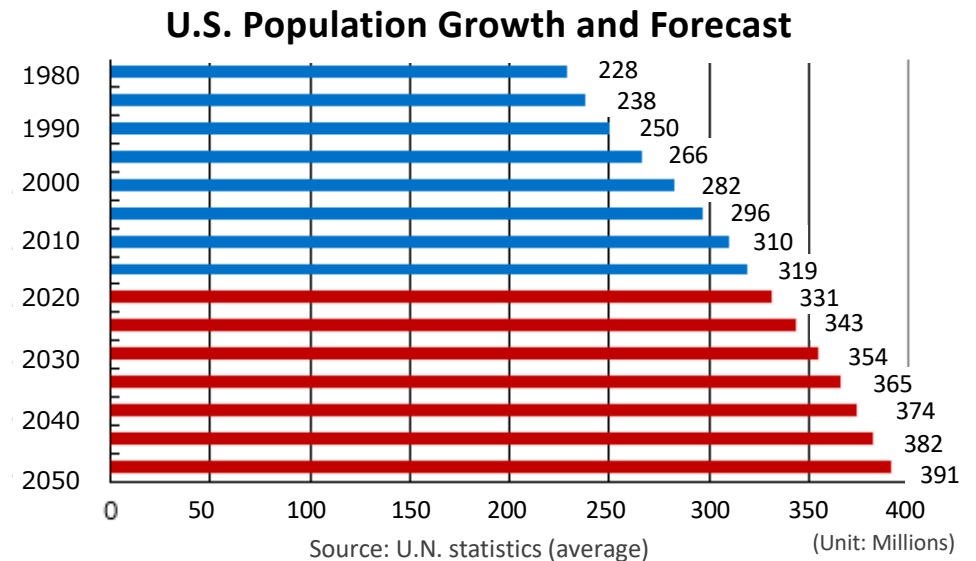
- Currently, annual housing starts in the U.S. are about 1.2 million

This is about 20% higher than the 950,000 starts in Japan but U.S. housing starts are two to three times more than in Japan in terms of floor area

- Single-family houses are 60% of all U.S. housing starts and almost all are wood-frame structures, making the U.S. the world's largest wood-frame house market
- LVL, which is produced by PWT, is a vital material for the production of beams and other structural components of U.S. wood-frame houses
- The health of the U.S. economy, changes in mortgage and other long-term interest rates and other factors have a short-term impact on housing starts
- The U.S. is one of the few advanced countries that expects the population to continue to grow (by about 2 million annually). As a result, medium to long-term housing demand will probably be stable
- Daiken believes there is potential for medium and long-term growth in the U.S. housing market by using industrial and building materials technology and other Japanese expertise along with collaboration with Itochu

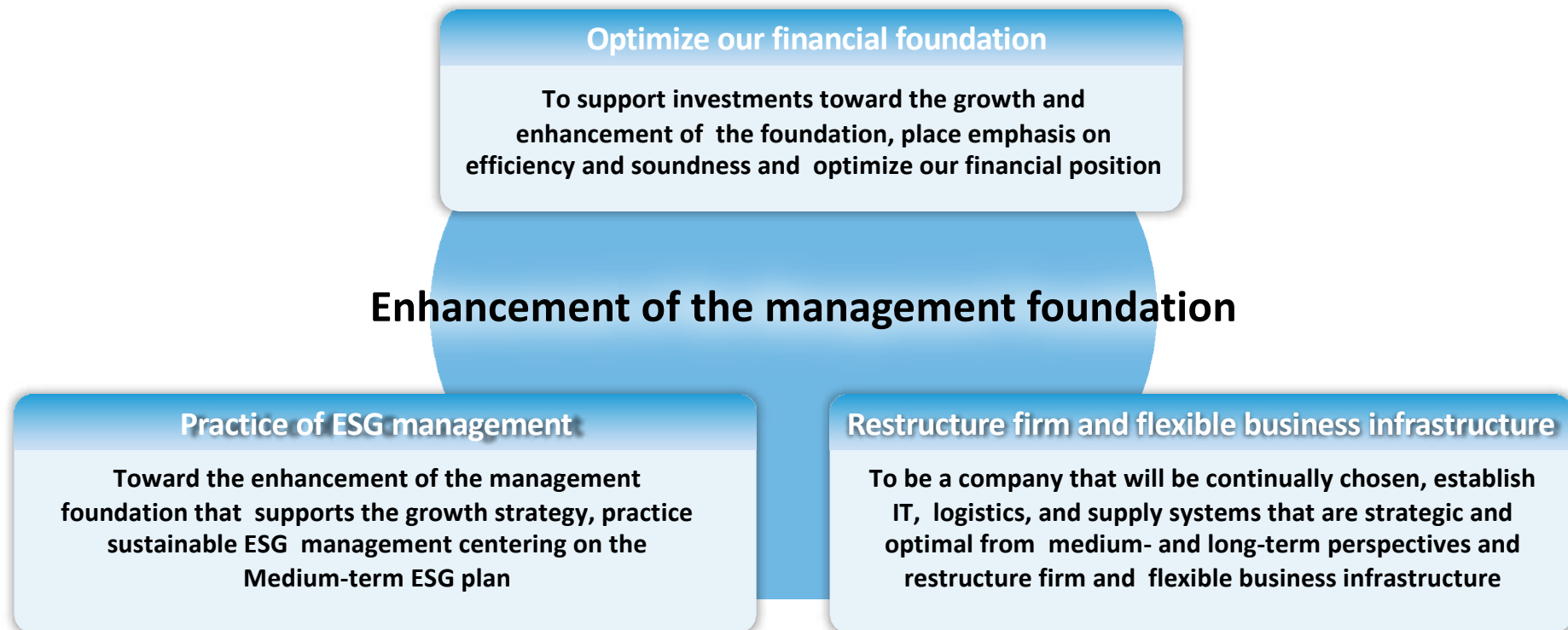


Source: Daiken based on Federal Reserve Bank of St. Louis data



Enhancement of the Management Foundation

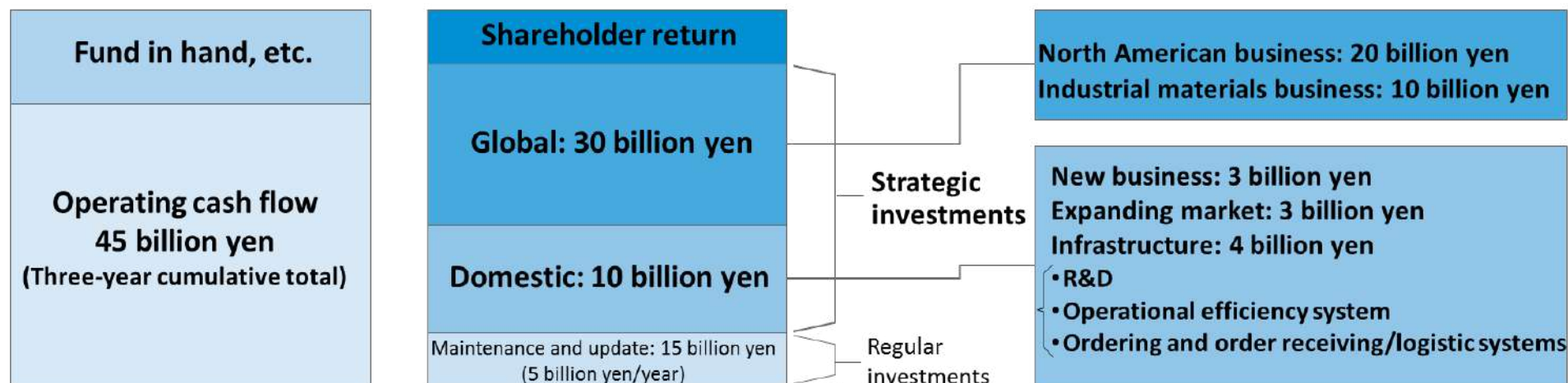
To steadily push ahead with the growth strategy, enhance of the management foundation from the three perspectives of financial soundness, business infrastructure, and ESG.



Investments Toward the Enhancement of Growth and Foundation, and Optimize Our Financial Basis

Investments toward the enhancement of growth and foundation

- Make it a top priority to implement growth investments toward the realization of the long-term vision GP25
- Select investments by reflecting risk and return as well as the cost of capital
- Aggressively utilize advanced technologies such as AI and IoT, to lead for improvements in efficiency and productivity



Optimize our financial foundation

Efficiency goal

- ROA: 7%
- ROE: 10%
- Improvement of the fixed asset turnover ratio (Reduction in inefficient assets and stringent selection of capital investment)
- Improvement of the working capital turnover ratio (Inventory optimization that gives consideration to BCP)

Soundness goal

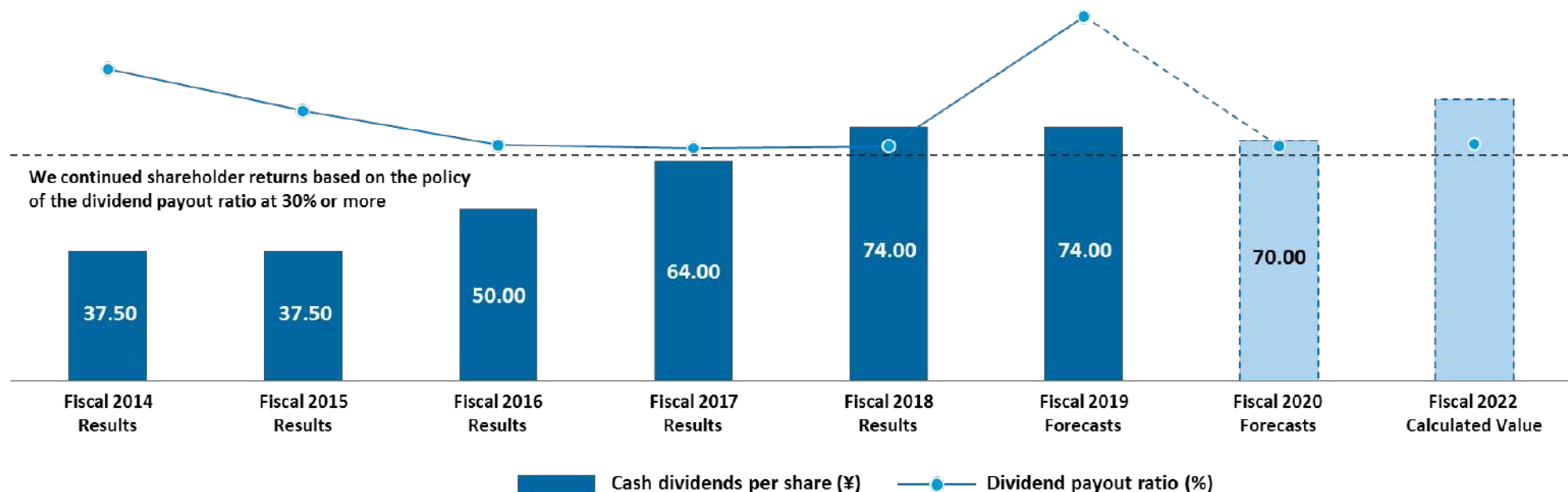
- Shareholder equity ratio: 40%
- D/E ratio: 0.5 times
- Balance sheet management to maintain the optimum balance
- Procurement of funds for investment that will support growth

Capital Policy/Shareholder Return

Basic policies for capital and shareholder distributions

- By striving for efficient management that places emphasis on ROE, improving shareholder return, and optimizing the balance between financial soundness and strategic investment, improve corporate value.
- For shareholder distributions, the goal is a dividend payout ratio of at least 30% while maintaining a stable dividend and aiming for the distribution of earnings linked with results of operations.
- Decisions about the repurchase of stock will be made based on the current level of capital, the market environment and other applicable considerations.

Shareholders' equity will be effectively used for the improvement of production, sales and construction systems as well as for new businesses, global operations and other activities in order to achieve medium- and long-term growth and build a solid foundation for business operations.



Practice of ESG Management

To accomplish the goals of the medium-term management plan GP25 2nd stage, the medium-term ESG plan was formulated to include critical items for building a stronger business foundation. Daiken has set goals toward the medium-term plan's final fiscal year, and is dedicated to working in a unified fashion by further improving linkage.

Key themes and goals in the medium-term ESG plan (fiscal 2020-2022)

E



Greenhouse gas emissions reduction

Total greenhouse gas emissions in Japan
Fiscal 2022: 26% reduction (As compared to fiscal 2014)

Promotion of carbon fixation

Amount of carbon fixation by the wood material business:
1,100,000 t-CO₂/year

Promotion of the use of renewable energy

Renewable energy utilization ratio: 50% or more

Procure wood in a biodiversity friendly way

Utilization ratio of the domestic timber for floor base materials
: 45%

S



Enhancement of the quality control structure

Serious product accident: 0
Product audit implementation cover ratio: 100%

Promotion of workstyle reform

Rate of taking annual paid leave: 70%

Promotion of diversity

Indexation of the eight diversity items,
such as the female manager ratio: +20 pt

Reinforcing human resources development

Young employees' career plan training attendance rate: 100%
Management staff training program attendance rate: 70%

G



Enhancement of the governance system

Degree of penetration of the Group Corporate Philosophy: +10 pt
Group Corporate Philosophy penetration program execution rate
: 100%

Promotion of risk management

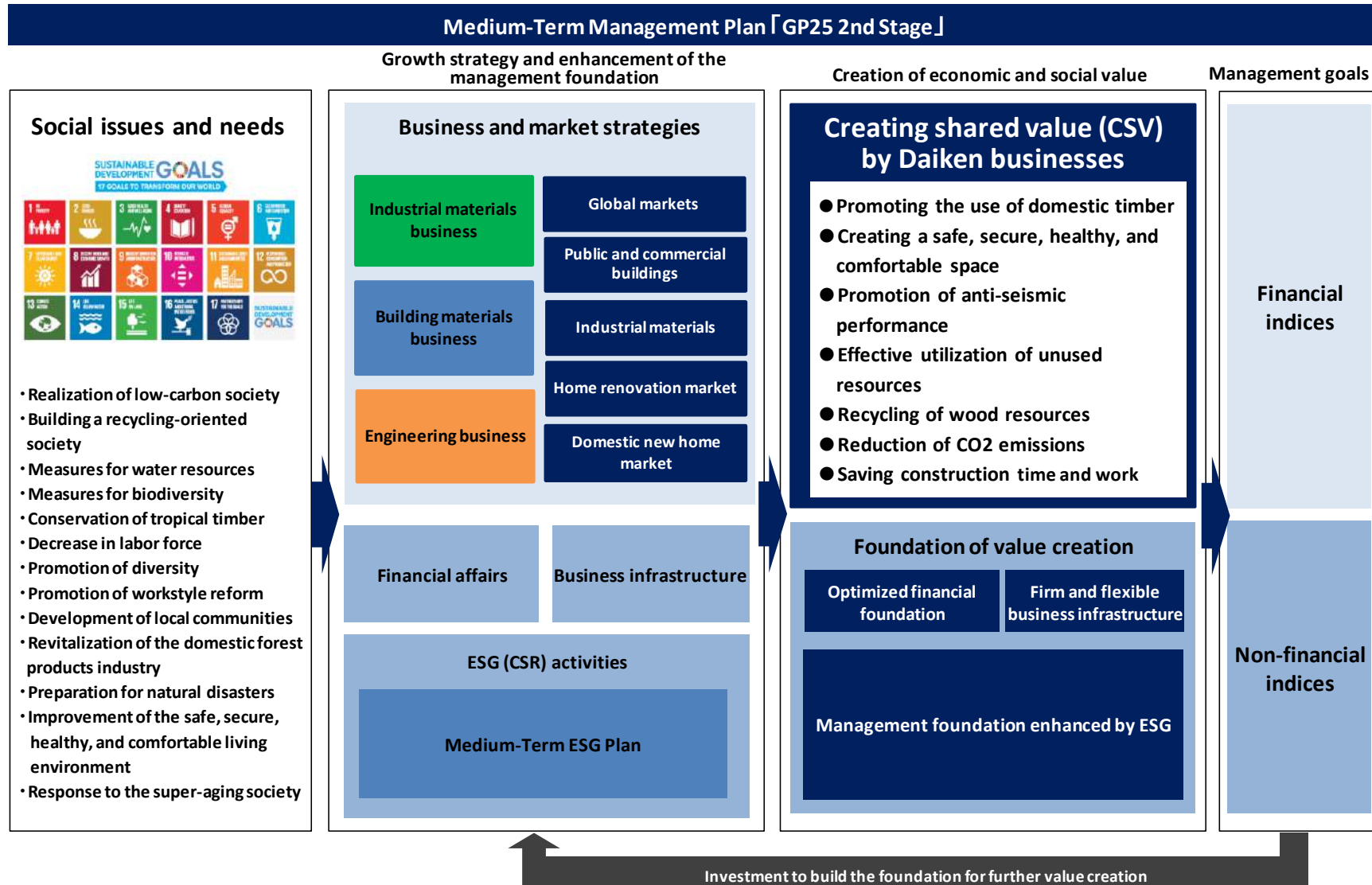
Procurement and system BCP 3-year proactive measure
completion rate: 100%

Thorough compliance

Serious compliance violations: 0

Process of Creating Value

- By pursuing the resolution of social issues through business activities, we aim to create economic and social value.
- Strengthen the business foundation from three perspectives of financial soundness that supports business operations, the business infrastructure and ESG.



Fiscal 2020

Forecast

Fiscal 2020 Forecast

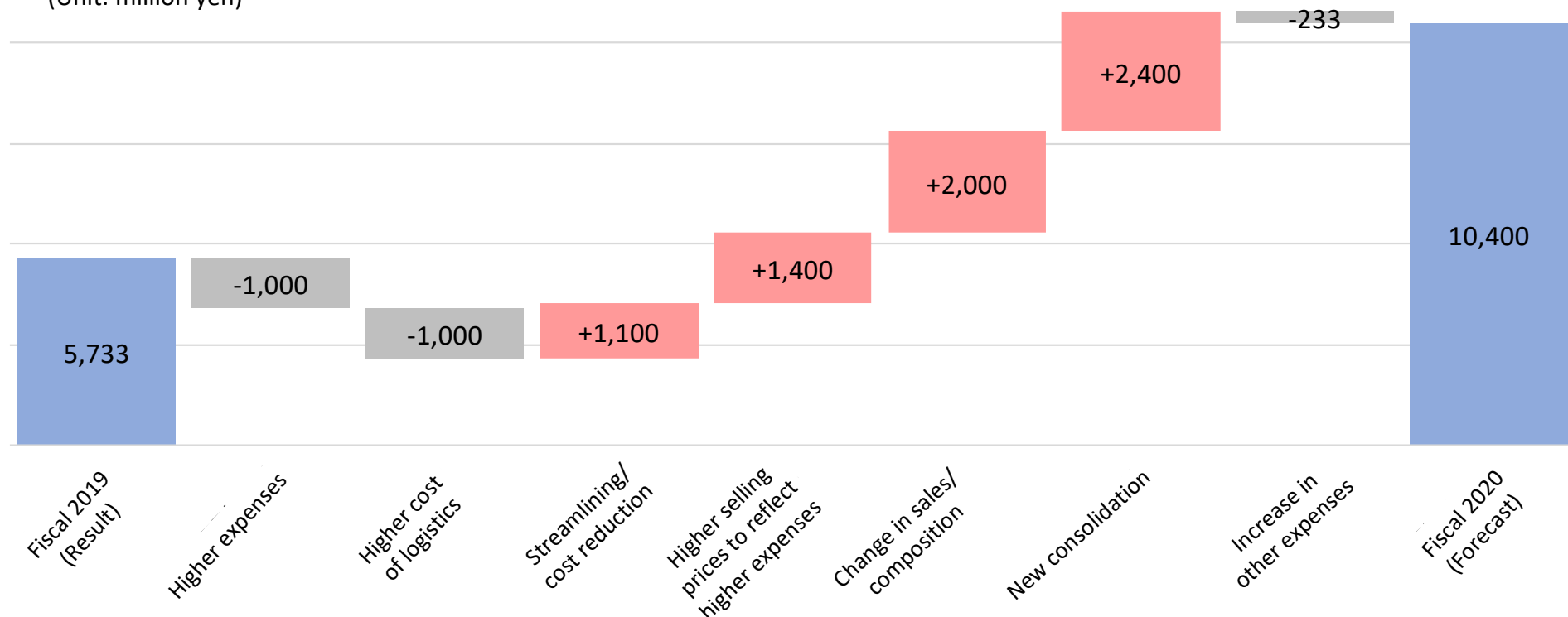
- ◆ Forecast 14.8% sales growth in part because of the new consolidations
- ◆ Forecast 81.4% operating profit growth as streamlining/cost reduction, higher selling prices and the new consolidations offset the higher cost of raw materials and logistics. Earnings will also benefit from the end of problems that occurred in fiscal 2019

(Unit: million yen)	Fiscal 2019 (Result)	Fiscal 2020 (Forecast)	YoY change	Fiscal 2022 (Medium-term management plan target)
Net sales	182,962	210,000	+14.8%	225,000
Operating profit	5,733	10,400	+81.4%	12,000
Operating profit ratio	3.1%	5.0%	+1.9pt	5.3%
Ordinary profit	6,838	11,100	+62.3%	-
Profit attributable to owners of parent	4,402	6,000	+36.3%	7,000
Earnings per share (yen)	174.55	230.62	+56.07	-
Dividend per share (yen)	74	70	-4	-
Dividend payout ratio	42.4%	30.4%	-12.0pt	30% or more
ROE	7.8%	9.8%	+2.0pt	10%

Fiscal 2020 Changes in Operating Profit (Forecast)

- ◆ Higher expenses: Increase in prices of imported plywood, wood chips, petrochemicals and other materials
- ◆ Higher cost of logistics: Higher cargo transportation rates and storage fee
- ◆ Streamlining/cost reduction: Reexamination of all categories of items purchased
- ◆ Higher selling prices to reflect higher expenses: Mainly in the building materials business to offset the higher cost of raw materials and logistics
- ◆ Change in sales/composition: Improved due to the end of the impact of procurement and IT system problems in fiscal 2019
- ◆ New consolidation: Overseas industrial materials business, solid flooring materials business in Japan, renovation business, LVL sheet processing business

(Unit: million yen)



Fiscal 2020 Business Segment Sales Forecasts

- ◆ **Industrial Materials Business:** New consolidation of the North American wood materials business and higher sales of tatami facing, Dai-Lite wall materials and other products
- ◆ **Building Materials Business:** New consolidation of the solid flooring materials business and higher sales involving public and commercial buildings
- ◆ **Engineering Business:** Increase in interior project orders, new consolidation of the renovation business, increase in renovation sales

(Unit: million yen)	Fiscal 2019 (Result)	Fiscal 2020 (Forecast)	YoY change	Fiscal 2022 (Medium-term management plan target)
Industrial Materials Business	61,843	82,930	+34.1%	90,000
Building Materials Business	89,485	93,820	+4.8%	95,000
Engineering Business	18,063	19,670	+8.9%	28,200
Others	13,569	13,580	+0.1%	11,800
Total	182,962	210,000	+14.8%	225,000

Fiscal 2020 Market Category Sales Forecasts

- ◆ Global markets: Higher sales due to new consolidation of North American wood materials business
- ◆ Public and commercial buildings: Higher sales of functional building materials for all types of buildings and new consolidation of the solid flooring materials business
- ◆ Home renovation market: Higher sales mainly because of new consolidation of a renovation company and growth of the renovation business

(Unit: million yen) Upper: sales Lower: composition	Fiscal 2019 (Result)	Fiscal 2020 (Forecast)	YoY change	Fiscal 2022 (Medium-term management plan target)
Global markets	19,241	38,000	+97.5%	52,000
	10.5%	18.1%	+7.6pt	23.1%
Public and commercial buildings	21,158	25,000	+18.2%	31,200
	11.6%	11.9%	+0.3pt	13.9%
Industrial materials	35,590	36,000	+1.2%	35,500
	19.5%	17.1%	-2.3pt	15.8%
Home renovation market	28,429	32,500	+14.3%	37,600
	15.5%	15.5%	-0.1pt	16.7%
Domestic new home market	77,522	77,500	-0.0%	67,500
	42.4%	36.9%	-5.5pt	30.0%
Others	1,023	1,000	-2.2%	1,200
	0.6%	0.5%	-0.1pt	0.5%
Domestic market	163,721	172,000	+5.1%	173,000
	89.5%	81.9%	-7.6pt	76.9%
Total	182,962	210,000	+14.8%	225,000
	100.0%	100.0%	-	100.0%

Toward the future going beyond the functions of yesterday

DAIKEN

This presentation is intended to provide information and does not solicit an action of any kind. This presentation (including forecasts) was created by Daiken based on information that was currently available. This presentation includes risks and uncertainties and Daiken provides no guarantee that information is reliable or complete. Please use this information based on your own judgment. Daiken is not responsible for any losses that may result from investment decisions that rely completely on the forecasts, targets and other information in this presentation.