

SHIMIZU Revised FY2023 Earnings Forecasts—No Immediate Impact on Rating, but JCR will Closely Monitor Future Performance trends

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on SHIMIZU CORPORATION's (security code: 1803) announcement of revision to its earnings forecast for the fiscal year ending March 31, 2024.

- (1) On February 8, SHIMIZU CORPORATION (the "Company") announced the revision of its earnings forecast for the fiscal year ending March 31, 2024 (FY2023). The revised forecasts are an operating income of 33 billion yen in the red (previous forecast: a profit of 57.5 billion yen in the black) and a net income attributable to shareholders of the corporation of 10 billion yen (previous forecast: a profit of 50 billion yen). The main reason for this is that the Company expects to incur large construction losses on large-scale architectural construction projects in Japan and overseas. On the other hand, since the net income attributable to shareholders of the corporation will remain in the black due to reasons including the sale of strategic shareholdings, the impact of the revision on the Company's financial base is limited, even taking into account the shareholder returns.
- (2) JCR has determined that there is no need to immediately revise the rating due to the following reasons: (i) given the current status of construction work in hand, a certain level of profit recovery is expected from FY2024 onward, and (ii) the impact of this revision on the Company's current financial base is minimal. However, if the Company takes time for a full-fledged profit recovery or if the financial base is significantly damaged due to additional construction losses and other factors, JCR believes that a downward pressure will be placed on the rating. Going forward, JCR will confirm the probability of the profit recovery and reflect that in the rating.

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<Reference>

Issuer: SHIMIZU CORPORATION

Long-term Issuer Rating: AA-p Outlook: Stable

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