CTI Engineering Co., Ltd.

August 24, 2026

Q & A on FY2026 (64th Term) Q2 Financial Results Presentation

Date and time: August 20, 2026 (Thu) 14:00 - 14:40
Answered by:
Tatsuya Nishimura, Representative Director and President, CEO

Non-consolidated Operating Income for Q2 decreased year on year. How do you assess the current situation?

As many of our projects are completed between January and March, Q1 tends to be a period in which work progresses smoothly and profits are readily recognised. Conversely, in Q2, Operating Income tends to fall significantly compared with Q1, as there is an increase in activities such as proposal work aimed at securing future orders.

Is there an option to raise the dividend payout ratio? Please explain your views on the dividend payout ratio.

Our basic policy is to maintain a dividend payout ratio of 30% or higher, and we currently have no plans to change this policy. In the previous fiscal year, the dividend payout ratio was 35.0%, compared with the initial forecast of 30.2%. The forecast dividend payout ratio for the current fiscal year is 42.7%; however, as this is subject to change depending on business performance and other factors, the final figure will be confirmed at the end of the financial year.

Orders Received for CM business were roughly in line with the same period of the previous year. Given that there were many multi-year contracts last year, I had expected Orders Received for this period to fall, but can we assume that they have in fact increased?

Last year, we secured a large number of two-year contracts for large-scale CM projects. Although we had anticipated a decline compared with the previous year due to fewer large-scale contracts being secured this financial year, we are currently securing orders at a steady pace. Consequently, the construction management division—which we regard as a growth area—is growing steadily.

Whilst the budget for public sector projects has been increased, as indicated in the supplementary materials, the value of Orders Received awarded to 50 consulting engineer companies has not yet seen significant growth. What is your outlook regarding future order trends?

The public sector budget for this fiscal year increased slightly from the previous year, but it also includes construction costs. Due to rising material costs and unit costs for engineers, the number of orders awarded to consulting engineer companies is on a downward trend. Consequently, competition for orders is intensifying. Whilst orders relating to the Medium-Term Plan for National Resilience, based on the supplementary budget, have already begun to be awarded, we anticipate that further projects may be put out to tender in the future, given the slight delay in the passage of this financial year's main budget. We will endeavour to secure orders by utilising the technical expertise we have developed over the years.

Regarding Order Received by client type, Orders Received from the private sector has reached a record high; have you secured any large-scale orders?

This was primarily due to securing large-scale transport-related orders. It has also secured contracts for environmental assessment work, such as surveying and evaluating the environmental impact of offshore wind power generation, and orders from the private sector are growing steadily.

Please provide an update on progress of the internal rollout of the DX and production system reforms.

We are expanding the internal use of generative AI, primarily through Microsoft services. DX Promotion Division within Engineering Headquarters shares use cases across the company and is developing and deploying AI agents for specific technical fields. Furthermore, the ISP (Intelligence Service Platform) Division of Research Center for Sustainable Societies is developing software that uses advanced AI and 3D data and is deploying it internally. We will continue to expand the scope of these initiatives.

Please explain why the overseas business is struggling and what the outlook is for future orders?

At Waterman Group Plc, the implementation of public sector projects—which had temporarily stalled following the change of government—has begun to pick up again, and we expect orders to remain steady in the second half of the financial year. Whilst the impact of the change of UK Prime Minister must be monitored closely, we currently anticipate that orders and profits will be in line with plans.

At CTI International Co., Ltd., the value of Orders Received fell significantly due to the postponement of a project to the following period. In addition to continuing to secure orders for these projects, we will continue working to win new business by strengthening collaboration with overseas companies with which we have formed business partnerships.

At present, we expect to meet our order targets as planned.