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# **【Materials for Investor Briefing】**

## **FY2022 Results**

### **and Annual Forecasts FY2023**

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**MAY 29, 2023**

 **SUMITOMO DENSETSU CO.,LTD.**

- 1 . FY2022 Results
- 2 . FY2023 Forecast
- 3 . FY2023 Forecast by Works Type
- 4 . Medium term Management Plan  
VISION 24(FY2020 – FY2024)
- 5 . Policy on the Distribution of Profits  
to Shareholders

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# 1-1.FY2022 Results

## ◇ Explanation of Business Results

### Orders received, Net sales, ordinary profit, and Backlog of Orders reached a record high.

[Orders Received・Net Sales] increase year on year (YoY).

Steady growth in large-scale works such as data centers, logistics warehouses, and metropolitan area redevelopment.

[Operating profit・Ordinary profit] increase year on year (YoY).

An increase in Net sales offset an increase in expenses associated with investments in human resources and technology, such as work style reforms and IT investments.

## ◇ FY2022

(¥bn)	FY2021	FY2022			Growth	
	Actual①	Plan ②	Actual ③	Difference ③-②	Growth ③-①	Percentage
Orders Received	179.0	180.0	<b>188.8</b>	8.8	9.8	5.5%
Net Sales	167.6	175.0	<b>175.1</b>	0.1	7.5	4.5%
Operating profit	13.01	13.10	<b>13.46</b>	0.36	0.46	3.5%
Margin	7.8%	7.5%	<b>7.7%</b>	0.2%	△0.1%	
Ordinary profit	13.90	14.00	<b>14.39</b>	0.39	0.49	3.6%
Margin	8.3%	8.0%	<b>8.2%</b>	0.2%	△0.1%	
Profit attributable to owners of parent	9.14	9.20	<b>9.38</b>	0.18	0.24	2.7%
Margin	5.5%	5.3%	<b>5.4%</b>	0.1%	△0.1%	
Backlog of Orders	108.8		<b>122.4</b>		13.7	12.6%

◇ **Dividends for FY2022** **¥94 per share (¥51 year-end), up ¥8 per share** from most recent announcement

# 1-2. Net Sales for FY2022 Results by Works Type 住友電設

## Power Transmission

Decreased YoY due to decreases in private sector demand and renewable energy projects despite [steady progress in works for electricity companies](#).

## General Electrical

Japan: Same level as FY2021 with steady progress in large-scale projects such as [data centers and logistics warehouses](#).

Overseas: Significantly increased YoY due to progress in [large-scale works such as data centers](#), etc., as well as favorable foreign exchange rates.

## Info & Comms

Communication System: Decreased YoY due to a [decrease of mobile base station works \(investments\)](#), etc.

Information & Telecommunication: Increased YoY due to [large-scale redevelopment projects](#), etc.

## Facility & HVAC

Increased YoY owing to a [progress in plant construction](#).

Net Sales for by Works Type(¥bn)	FY2020	FY2021	FY2022	FY21→22 Growth(%)	FY2022 Composition
<b>Power Transmission</b>	<b>20.9</b>	<b>20.3</b>	<b>19.1</b>	<b>△5.6%</b>	<b>10.9%</b>
<b>General Electrical</b>	<b>87.1</b>	<b>100.7</b>	<b>106.0</b>	<b>5.3%</b>	<b>60.5%</b>
Non-consolidated + Japanese Subsidiaries	68.1	76.8	76.6	△0.3%	43.7%
Overseas Subsidiaries	19.0	23.8	29.3	23.2%	16.8%
<b>Info &amp; Comms</b>	<b>27.7</b>	<b>27.5</b>	<b>28.5</b>	<b>3.8%</b>	<b>16.3%</b>
<b>Facility &amp; HVAC</b>	<b>10.1</b>	<b>10.6</b>	<b>12.1</b>	<b>13.7%</b>	<b>6.9%</b>
<b>Others※</b>	<b>8.3</b>	<b>8.6</b>	<b>9.5</b>	<b>10.2%</b>	<b>5.4%</b>
<b>TOTAL</b>	<b>154.1</b>	<b>167.6</b>	<b>175.1</b>	<b>4.5%</b>	<b>100.0%</b>

\*Others Insurance agency business, HVAC equipment, solar power systems sales, equipment manufacturing and repairs, and manufacture and sales of hot water supply systems.

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# 2-1. FY2023 Forecast

## ◇ Business Environment

Expected demand: Growth areas such as data centers and other digital-related facilities, logistics warehouses, etc., redevelopment projects in the metropolitan areas, carbon-neutral investments including renewable energy, information & communication-related investments for the creation of ICT environment, investments related to Expo 2025 Osaka, Kansai.

Potential risks: Soaring labor costs, high prices and delays in procurement of materials and equipment, and a decrease in construction volume due to postponement, contraction or freezing of capital investment plans mainly in the manufacturing industry .

## ◇ Consolidated Forecast for FY2023

**Both sales and profits are planned to increase YoY.**

(¥bn)	FY2021 Actual	FY2022 Actual	FY2023 Forecast	Growth(%)	FY2024 VISION24
Orders Received	179.0	188.8	<b>190.0</b>	0.6%	200.0
Net Sales	167.6	175.1	<b>185.0</b>	5.6%	200.0
Operating profit	13.01	13.46	<b>13.50</b>	0.3%	
Margin	7.8%	7.7%	<b>7.3%</b>		
Ordinary profit	13.90	14.39	<b>14.50</b>	0.7%	15.00
Margin	8.3%	8.2%	<b>7.8%</b>		7.5%
Profit attributable to owners of parent	9.14	9.38	<b>9.50</b>	1.2%	
Margin	5.5%	5.4%	<b>5.1%</b>		

## ◇ Dividends Forecast for FY2023

An annual dividend of **94 per share (interim 47)** is forecast, unchanged from FY2022.

## 2-2. Net Sales for FY2023 by Works Type 住友電設

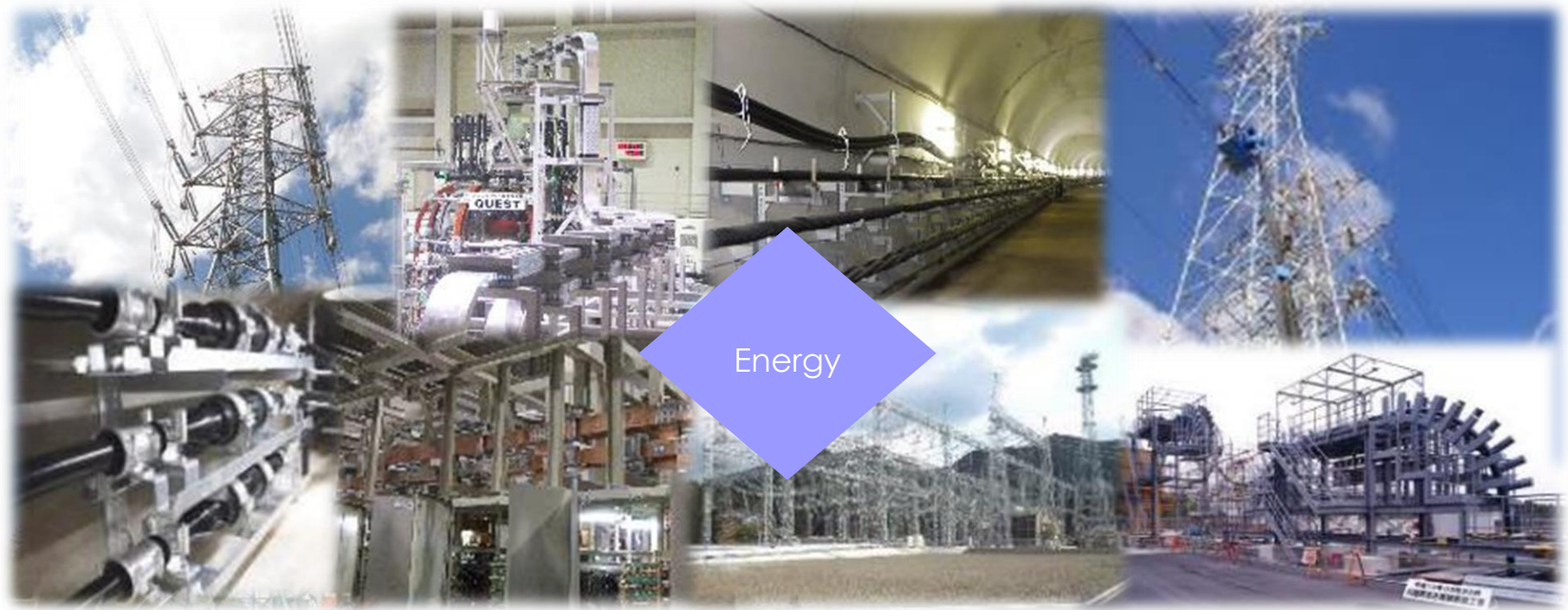
For Net Sales for FY2023, we are planning to increase sales in all the works types, due to a progress of Backlog of Orders, etc.

Net Sales for by Works Type(¥bn)	FY2021	FY2022	FY2023 Forecast	FY22→23 Growth(%)	FY2023 Composition
<b>Power Transmission</b>	20.3	19.1	22.5	17.5%	12.2%
<b>General Electrical</b>	100.7	106.0	111.0	4.8%	60.0%
Non-consolidated + Japanese Subsidiaries	76.8	76.6	80.0	4.4%	43.2%
Overseas Subsidiaries	23.8	29.3	31.0	5.7%	16.8%
<b>Info &amp; Comms</b>	27.5	28.5	30.0	5.2%	16.2%
<b>Facility &amp; HVAC</b>	10.6	12.1	13.0	7.9%	7.0%
<b>Others※</b>	8.6	9.5	8.5	△10.1%	4.6%
<b>TOTAL</b>	<b>167.6</b>	<b>175.1</b>	<b>185.0</b>	<b>5.6%</b>	<b>100.0%</b>

\*Others Insurance agency business, HVAC equipment, solar power systems sales, equipment manufacturing and repairs, and manufacture and sales of hot water supply systems.



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## Provide **high-quality, reliable electric transmission technologies** to meet the **needs of customers**

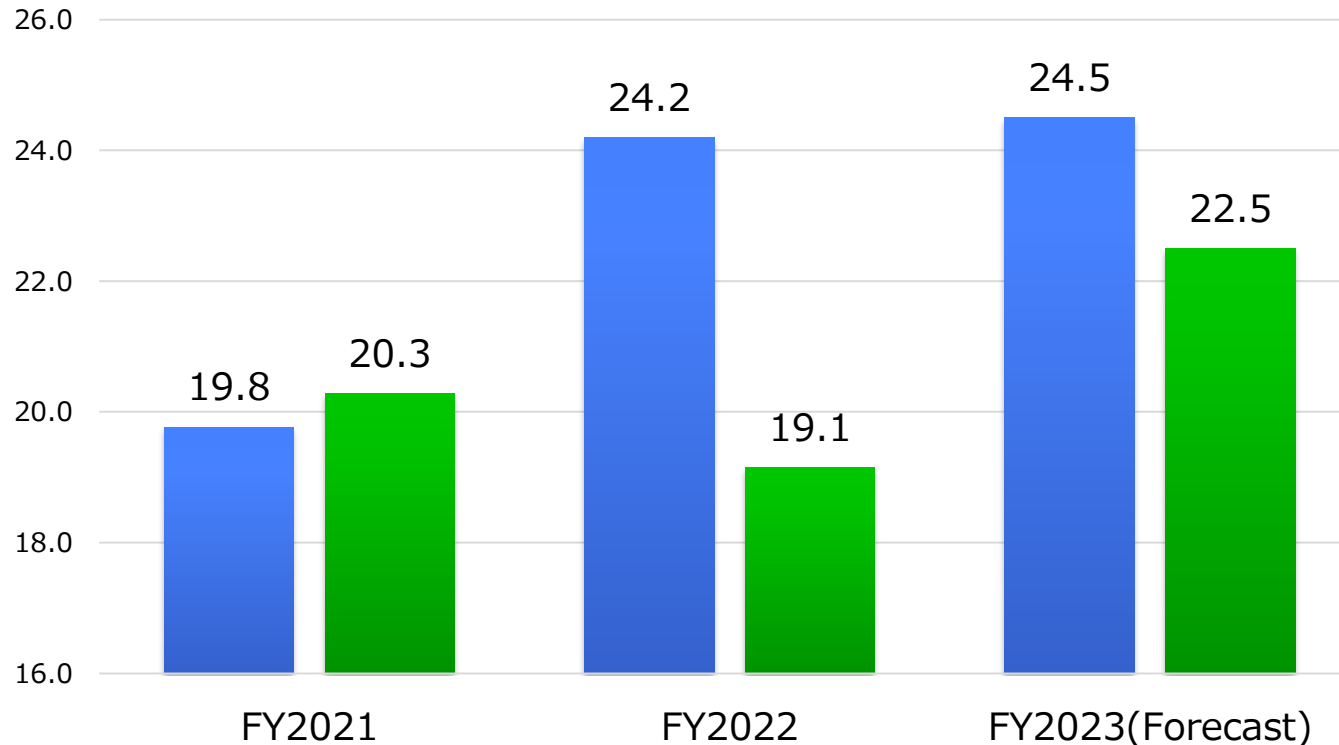
Electricity is vital to modern society. Sumitomo Densetsu has a range of experience in the construction of the facilities required for the transmission of “electricity,” including overhead and underground transmission, electrical substations, and electrical power distribution systems. We are also engaged in the construction of interconnected systems to supply electricity from new energy facilities, including photovoltaic power stations, wind power stations and hydroelectric power stations.

For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>

# 3-1. Power Transmission FY2023 Forecast

■ Orders received  
■ Net Sales

## Orders received・Net Sales (¥bn)



We will make efforts for medium-term growth, putting emphasis on projects for electricity companies, private sector demand mainly for steel manufacturers, and renewable energy-related investments.

In FY2023, both orders received and Net sales are planned to increase YoY.

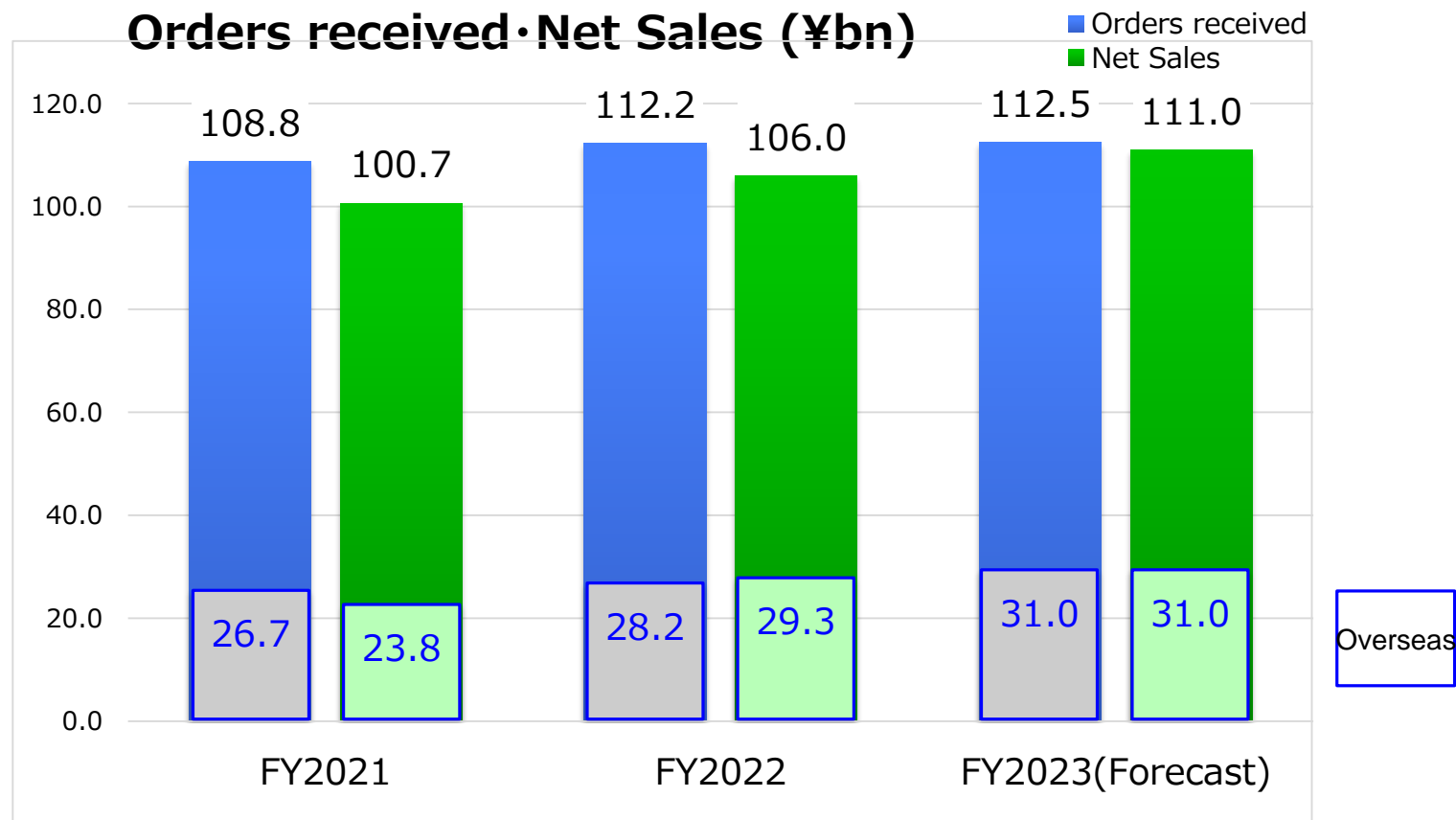


- Electric** : Provide **speedy and high-quality services** for electrical systems that are becoming increasingly important.
- Overseas** : **50 years of experience** in Southeast Asia. Contributing to the development of customers and regions.
- Environment** : Contribute to **the use of energy for a new age**, such as solar, storage cell and biomass systems.
- Engineering** : Offer highly satisfactory engineering expertise in control/management systems such as FMS and BM

Sumitomo Densetsu has been implementing speedy and high-quality planning, design, construction and maintenance, making use of our high technological capabilities for various electrical systems (high-voltage, low-voltage, disaster preventive and security). We will meet any kind of needs based on substantial experience both inside and outside Japan.

For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>

# 3-2.General Electrical Works FY2023 Forecast 住友電設



Japan: In addition to growth areas such as data centers and logistics warehouses, we will focus on projects for plants, and projects related to Expo 2025 Osaka, Kansai. **In FY2023, Net sales is planned to increase YoY.**

Overseas: In addition to securing Japanese companies' investments in Southeast Asia, we will also focus on orders from non-Japanese companies. **In FY2023, both orders received and Net sales are planned to increase YoY.**

# 3-3.Information & Communications Works 住友電設



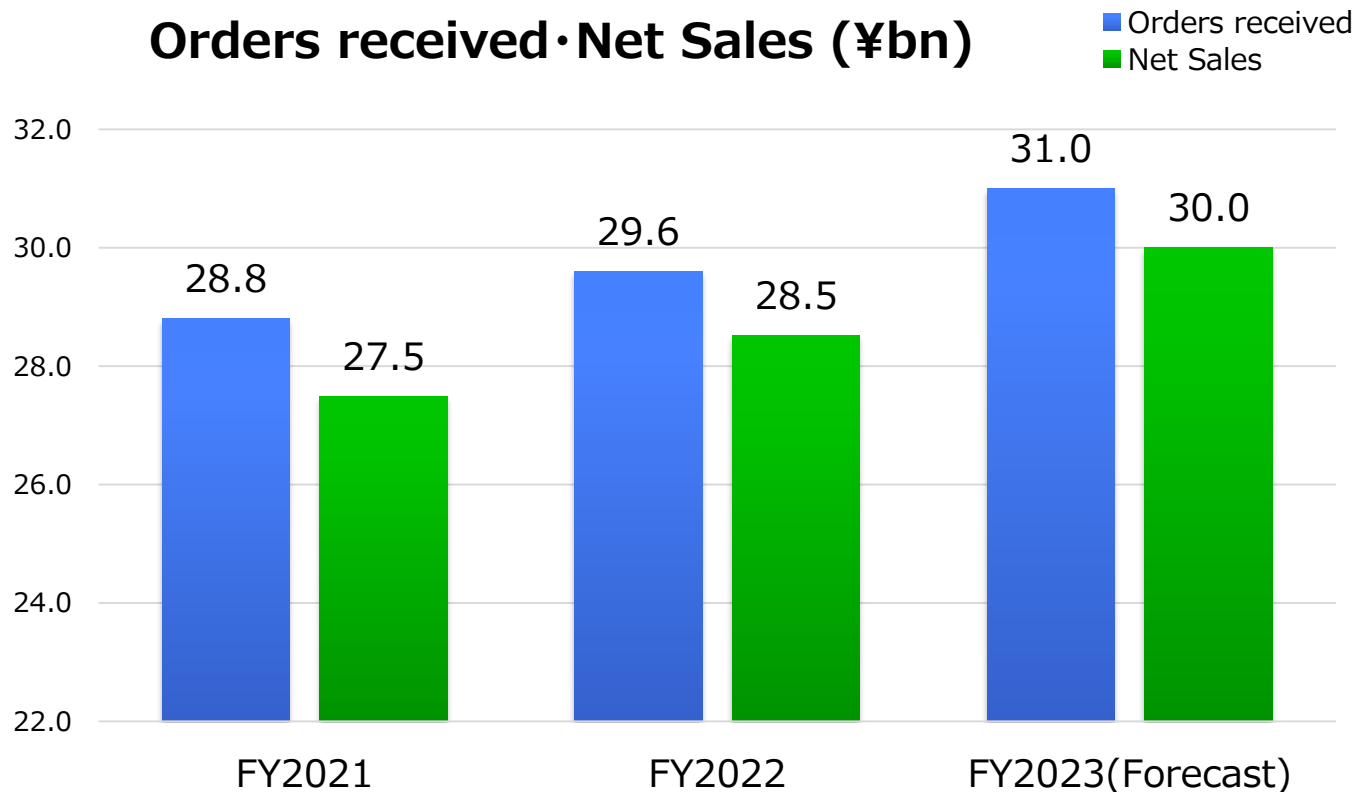
## Support **the establishment of optimal networks** using **accumulated know-how**

Sumitomo Denetsu provides total engineering services from consultation, system design, construction and operation to the maintenance of communication/broadcasting infrastructure. We will continue supporting the ICT society.

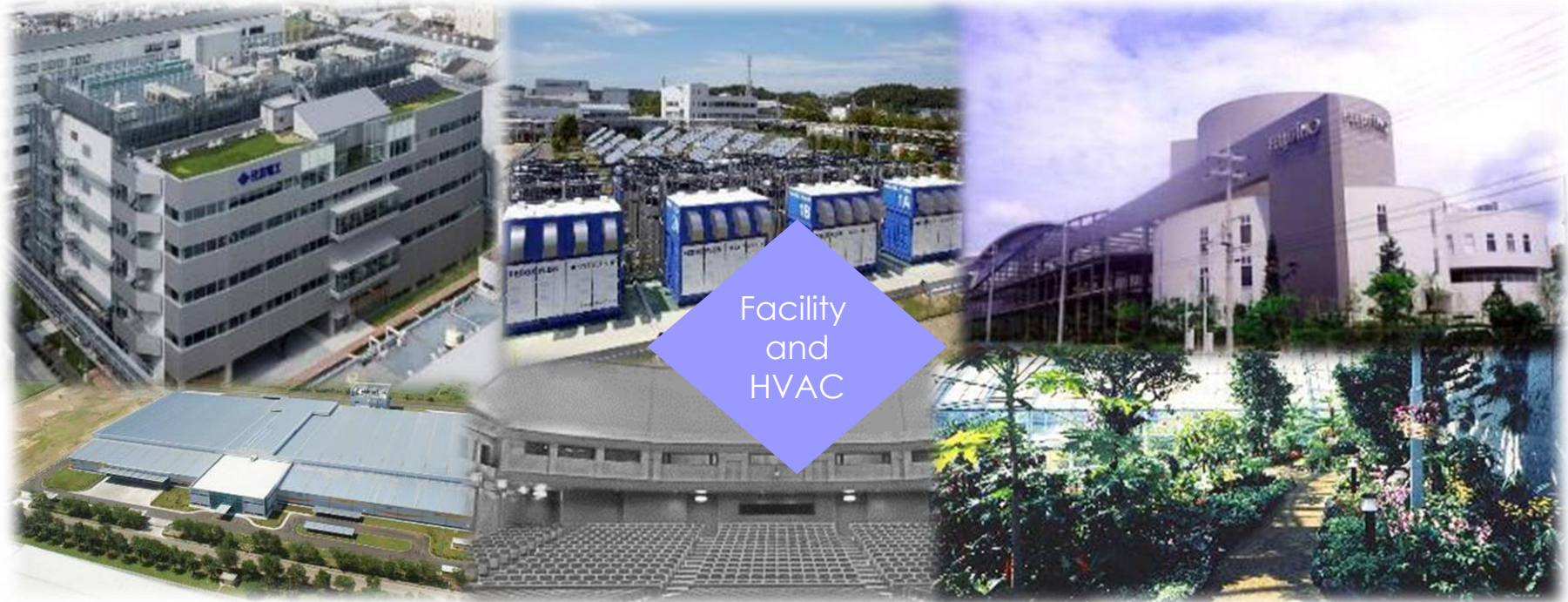
As the IT society develops, information networks, which are the infrastructure of the IT society, become more and more important. Sumitomo Denetsu was the first in our industry to make efforts to establish information networks, and has introduced them in many companies, universities, hospitals, data centers, etc. We provide optimal systems ranging from design, establishment, and operation to maintenance, taking advantage of our accumulated know-how.

For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>

## FY2023 Forecast



We will focus on acquiring projects for metropolitan area redevelopment, medical and educational facilities, and social infrastructure businesses, as well as projects related to Expo 2025 Osaka, Kansai. **In FY2023, both orders received and Net sales are planned to increase YoY.**



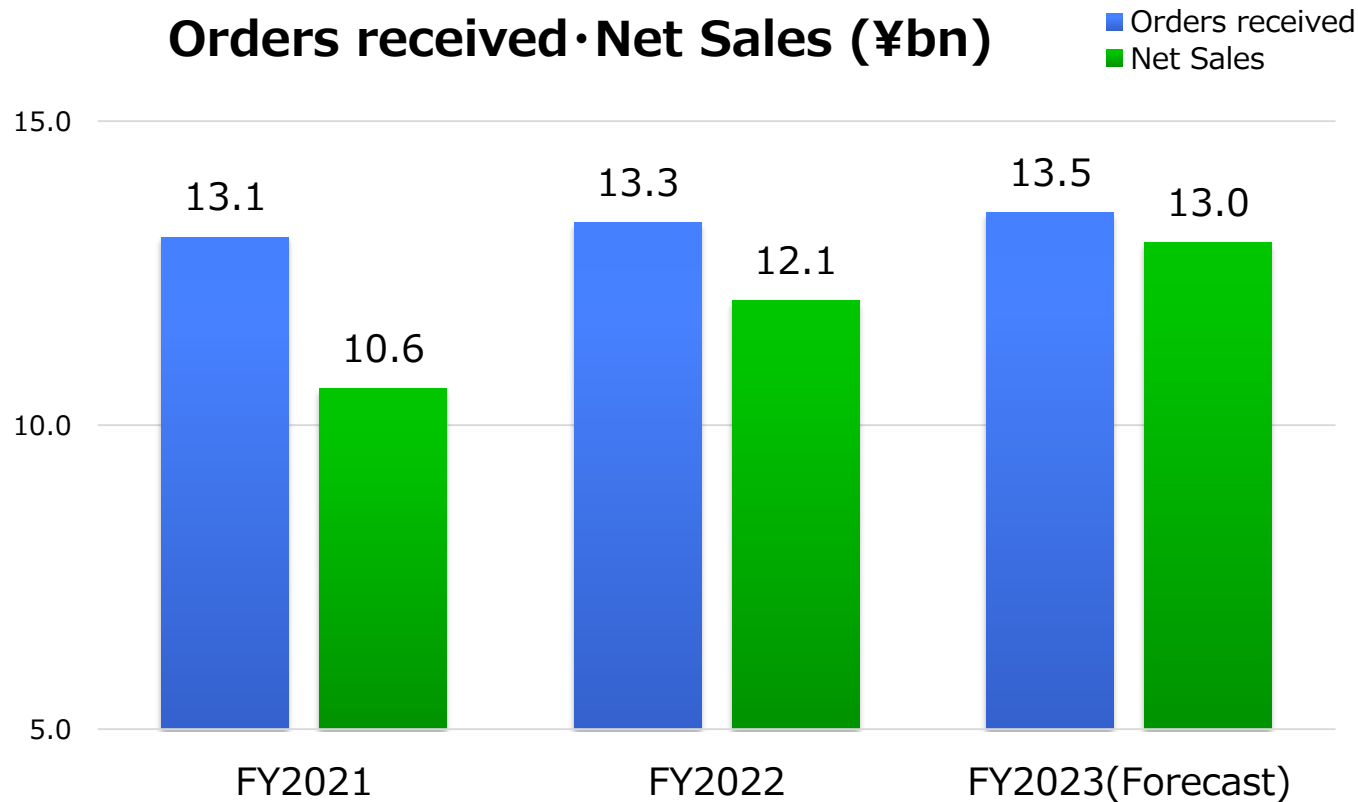
## Make the environment of buildings and factories more **comfortable and convenient**

Sumitomo Densetsu is involved in the planning, construction and maintenance of plant machines used in various kinds of manufacturing plants, and of air-conditioning and plumbing systems in factories, office buildings and hotels. We secure a sanitary and comfortable environment and improve convenience for production and management in buildings and factories used for various purposes.

For more details, please refer to the link below  
<https://www.sem.co.jp/english/business/>



# 3-4.Facility and HVAC FY2023 Forecast



We will focus on capital investment in the Sumitomo Electric Group as well as projects related Expo 2025 Osaka, Kansai, and on receiving direct orders from major general contractors and plant operators. In FY2023, both orders received and Net sales are planned to increase YoY.

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## [Ideals of the Sumitomo Densetsu Group]

Aim to become a comprehensive engineering enterprise that truly meets the needs of society through the growth of people and technology

## [Theme of V24]

Sustainable development through a new growth strategy and comprehensive strength!

Sumitomo Densetsu as one, enhancement of SEM brand power (safety and security, high quality, reliability, and enterprise value)

### [Four key measures]

Safety, quality, and compliance

Secure and develop human resources and implement work style reforms

Pursue improved customer satisfaction (proposal-based sales capabilities, capacity, and technical capabilities)

Enhance enterprise value in anticipation of the future

Corporate Philosophy of the Sumitomo Densetsu Group  
The Sumitomo Spirit

## 4-2. Medium-term Management Plan VISION 24 Targets 住友電設

<Consolidated orders received, Net Sales, ordinary profit, and ordinary profit margin>

	VISION24 FY2024 target
Orders Received	¥ 200.0 bn
Net Sales	¥ 200.0 bn
Ordinary profit	¥ 15.0 bn
Ordinary profit Margin	7.5%

- Growth investment  
FY2020 to FY2024 (five years) total ¥20.0 bn
- Capital efficiency benchmark  
ROE (return on equity): Target 10%
- Financial soundness benchmark  
Equity ratio: Maintain 50% level
- Shareholder returns policy  
Dividend payout ratio: Target 40% (FY2024)

## 4-3. Progress of Medium-term Management Plan VISION 24

### ◇ Progress

Since FY2022 is the **interim year** of VISION 24, we confirmed the progress of numerical targets and key measures, and confirmed that the Group as a whole is generally making steady progress toward the final goal of VISION 24.

### ◇ Progress by Works Type

#### Power Transmission

Delays in progress, including delays in renewable energy-related works

#### General Electrical

Japan : Expansion of data center and logistics warehouse projects against the backdrop of e-commerce and telework, and strong demand for redevelopment projects in metropolitan areas resulted in progress beyond expectations.

Overseas : Investment by non-Japanese companies offset the weak investment by Japanese companies due to the weak yen, and results were generally in line with the plan.

#### Info & Comms

Information & communications works orders received ahead of schedule for 5G-related investments and shifted to social infrastructure projects thereafter, while works for information networks were sluggish due to delays in equipment deliveries, etc.

#### Facility & HVAC

Steady growth in large-scale projects, etc.

### ◇ Progress in Growth Investments

We are generally executing in line with plans, focusing on investments in people and technology, including the opening of the Kawasaki Technical Center and the Ibaraki Transmission Line Construction Center, IT investments for on-site support, and investments to improve the workplace environment, and will focus on further expanding our earnings power. As for remaining issues, we will continue to work on M&A and alliances for business expansion.

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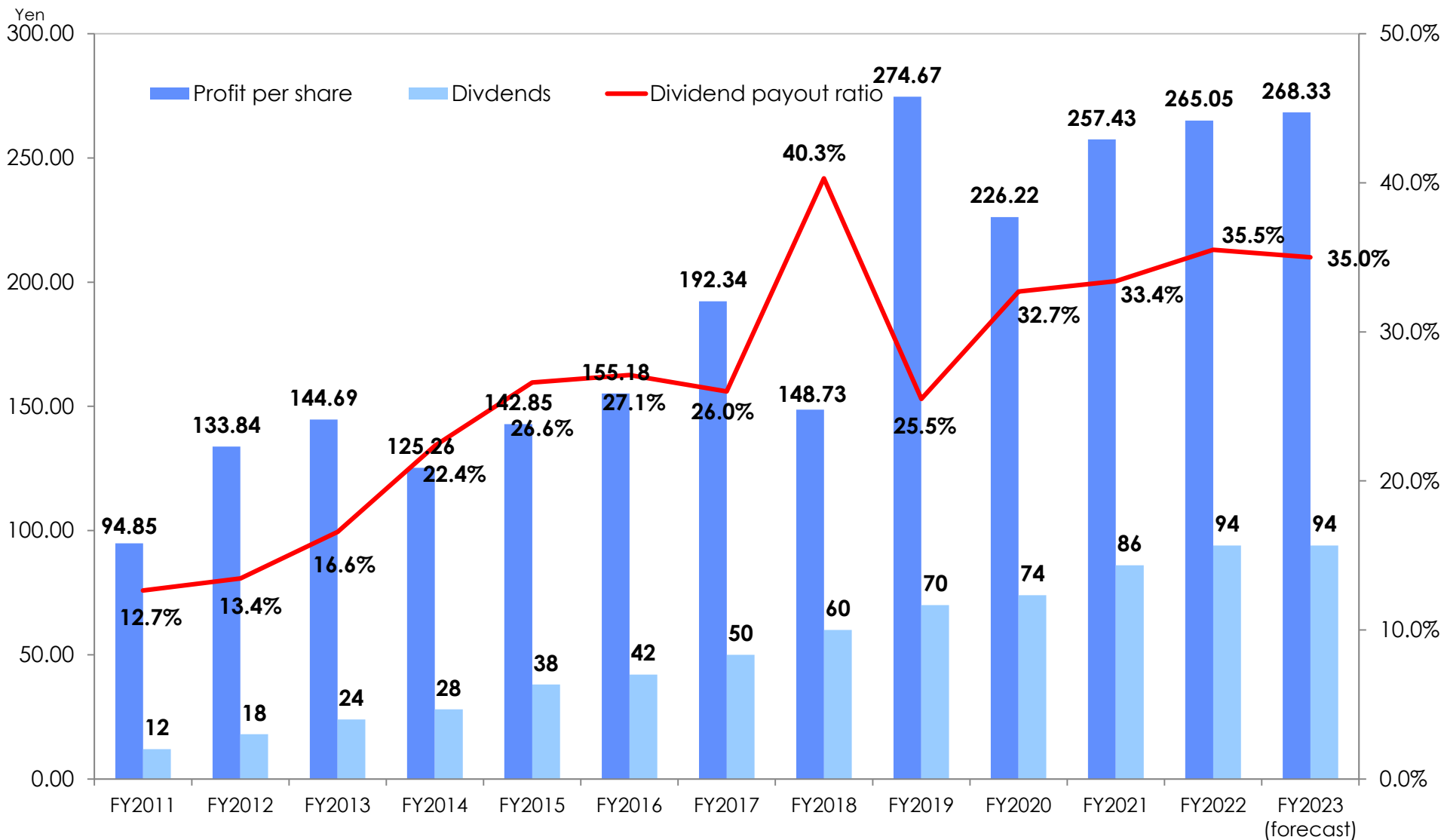
# 5-1. Policy on the Distribution of Profits to Shareholders 住友電設

Distribute stable dividends well balanced with internal reserves taking into consideration business results and future business development.

	FY19	FY20	FY21	FY22	FY23 (Forecast)
<b>Profit attributable to owners of parent Margin (¥bn)</b>	9.77 5.7%	8.05 5.2%	9.14 5.5%	9.38 5.3%	9.50 5.1%
<b>Dividends per share (yen)</b>	<b>70</b>	<b>74</b>	<b>86</b>	<b>94</b>	<b>94</b>
Interim dividend	30	35	37	43	47
Year-end dividend	40	39	49	51	47
<b>(Increase)</b>	<b>(+10)</b>	<b>(+4)</b>	<b>(+12)</b>	<b>(+8)</b>	
<b>Profit per share (yen)</b>	274.67	226.22	257.43	265.05	268.33
<b>Dividend payout Ratio</b>	<b>25.5%</b>	<b>32.7%</b>	<b>33.4%</b>	<b>35.5%</b>	<b>35.0%</b>
<b>ROE</b>	<b>13.8%</b>	<b>10.3%</b>	<b>10.6%</b>	<b>10.2%</b>	

# 5-2. Profit and Dividends per Share, and Dividend Payout Ratio 住友電設

Dividends have increased for 11 consecutive fiscal years since FY2011





## Notes on Perspective Information

This presentation material is based on currently available information. Actual results may differ from forecasts due to a variety of factors.

### Inquiries

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