

【Materials for Investor Briefing】

FY2022 1st Half Results and Annual Forecasts

November 24, 2022

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

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

1-1. Summary of FY2021 1st Half Results 住友電設

◇ Explanation of Business Results

Orders received, sales amount, and amount of works on hand reached a record high for the 1st half.

[Orders received and Sales amount] increase year on year (YoY). Orders received and sales amount of large-scale works such as projects for data centers, logistics warehouses, and plants remained firm.

[Operating profit and Ordinary income] increase year on year (YoY). An increase in sales amount offset an increase in expenses for work style reforms and improvement of the workplace environment.

◇ FY2022 1st Half Results

(¥bn)	FY2021 1H	FY2022 1H			Growth ③-①	
	Actual ①	Plan ②	Actual ③	Difference ③-②		
Orders Received	92.2	-	98.9	-	6.7	7.3%
Sales Amount	72.9	79.0	81.5	2.5	8.6	11.9%
Operating Profit Margin	4.99 6.9%	4.80 6.1%	5.31 6.5%	0.51 0.4%	0.32 △0.3%	6.3% -
Ordinary Income Margin	5.51 7.6%	5.20 6.6%	5.84 7.2%	0.64 0.6%	0.32 △0.4%	5.9% -
Net Income Margin	3.57 4.9%	3.30 4.2%	3.79 4.6%	0.49 0.5%	0.22 △0.2%	6.2% -
Amount of works on hand	116.7	113.8	126.1	12.3	9.5	8.1%

◇ Interim Dividends for FY2022 **¥43 per share**, as forecast at the start of the fiscal year)

1-2. Sales Amount for FY2021 Results by Works Type 住友電設

Power Transmission Works: Declined YoY as a whole due to large decreases in private sector demand and the number of FIT projects despite a steady growth in the number of projects for electricity companies.

General Electrical Works: In Japan: Increased YoY due to a steady progress of large-scale projects including data centers and logistics warehouses.
Overseas: Increased YoY owing to a progress in large-scale works including projects for plants, also boosted by the depreciation of the yen.

Information & Communication Works: Communication System: Increased YoY due to a steady progress in mobile base station works.
Information & Telecommunication: Increased YoY due to redevelopment projects, etc.

Facility & HVAC Works: Increased YoY owing to a progress in plant construction.

Sales amount (¥bn)	FY2020 1H	FY2021 1H	FY2022 1H	FY20→21 Growth (%)	FY2022 Composition
Power Transmission Works	9.4	8.9	8.2	△8.4%	10.0%
General Electrical Works	41.1	43.3	50.9	17.6%	62.5%
Non-consolidated + Japanese Subsidiaries	31.3	32.3	35.5	9.9%	43.5%
Overseas Subsidiaries	9.8	11.0	15.4	39.9%	18.9%
Information & Communications Works	11.4	11.3	12.7	12.5%	15.6%
Facility & HVAC Works	4.7	5.1	5.3	3.4%	6.5%
Others*	4.1	4.2	4.4	4.8%	5.4%
TOTAL	70.8	72.9	81.5	11.9%	100.0%

*Others Insurance agency business, HVAC equipment, solar power systems sales, equipment manufacturing and repairs,

- 5 -and manufacture and sales of hot water supply systems.

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

2-1. Outlook for FY2022

◇ Business Environment

Expected demand : Redevelopment projects in the metropolitan areas, data centers, logistics warehouses, information & communication-related investments for the creation of ICT environment, investments related to Expo 2025 Osaka, Kansai.

Potential risks : Risk of resurgence of COVID-19, geopolitical risk, the shortage of semiconductors, delay in the delivery of materials and equipment and price hikes, rapid depreciation of the yen, and the risk of postponement or contraction of capital investment plans arising therefrom.

◇ **Key Initiatives** “Sustainable development through a new growth strategy and comprehensive strength!”, which is the theme of VISION 24, the new Medium-term Management Plan.

◇ **Consolidated Forecast for FY2022**: Both sales and profits are planned to increase YoY.
(unchanged from the forecast initially announced)

	FY2020 Actual	2021 Actual	2022 Forecast	Growth (%)	VISION24
Orders Received	162.1	179.0	180.0	0.5%	200.0
Sales Amount	154.1	167.6	175.0	4.4%	200.0
Operating Profit Margin	11.32 7.3%	13.01 7.8%	13.10 7.5%	0.7% -	
Ordinary Income Margin	11.94 7.7%	13.90 8.3%	14.00 8.0%	0.7% -	15.00 7.5%
Net Income	8.05 5.2%	9.14 5.5%	9.20 5.3%	0.6% -	

◇ **An annual dividend of ¥86 per share (interim ¥43) is forecast.**
(unchanged from the forecast initially announced)

2-2. Sales Amount for FY2022 by Works Type 住友電設

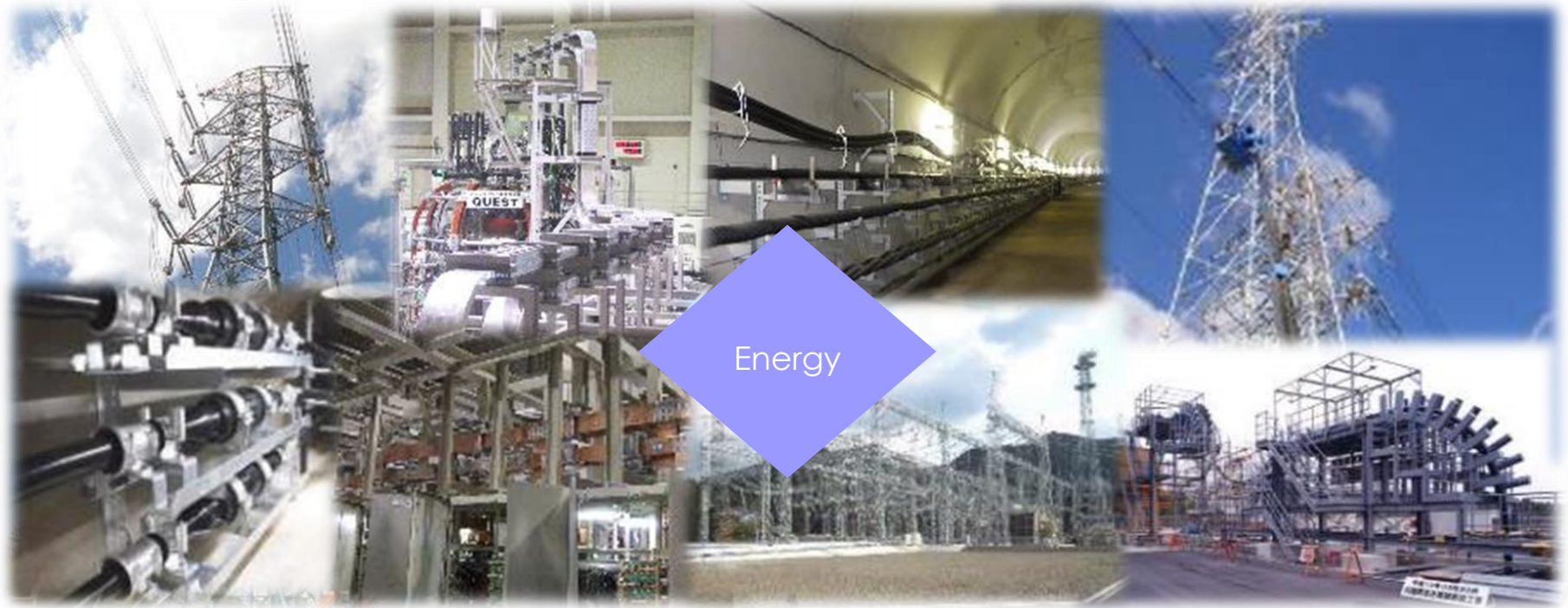
We are planning to increase sales, expecting the potential growth of general electrical works including overseas businesses, information & communications works, and facility & HVAC works

(unchanged from the forecast initially announced)

Sales amount (¥bn)	FY2020	FY2021	FY2022 Forecast	Growth	Composition
Power Transmission Works	20.9	20.3	20.0	△1.4%	11.4%
General Electrical Works	87.1	100.7	106.0	5.3%	60.5%
Non-consolidated + Japanese Subsidiaries	68.1	76.8	79.0	2.8%	45.1%
Overseas Subsidiaries	19.0	23.8	27.0	13.4%	15.4%
Information & Communications Works	27.7	27.5	29.0	5.5%	16.6%
Facility & HVAC Works	10.1	10.6	12.0	13.2%	6.9%
Others*	8.3	8.6	8.0	△6.7%	4.6%
TOTAL	154.1	167.6	175.0	4.4%	100.0%

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

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

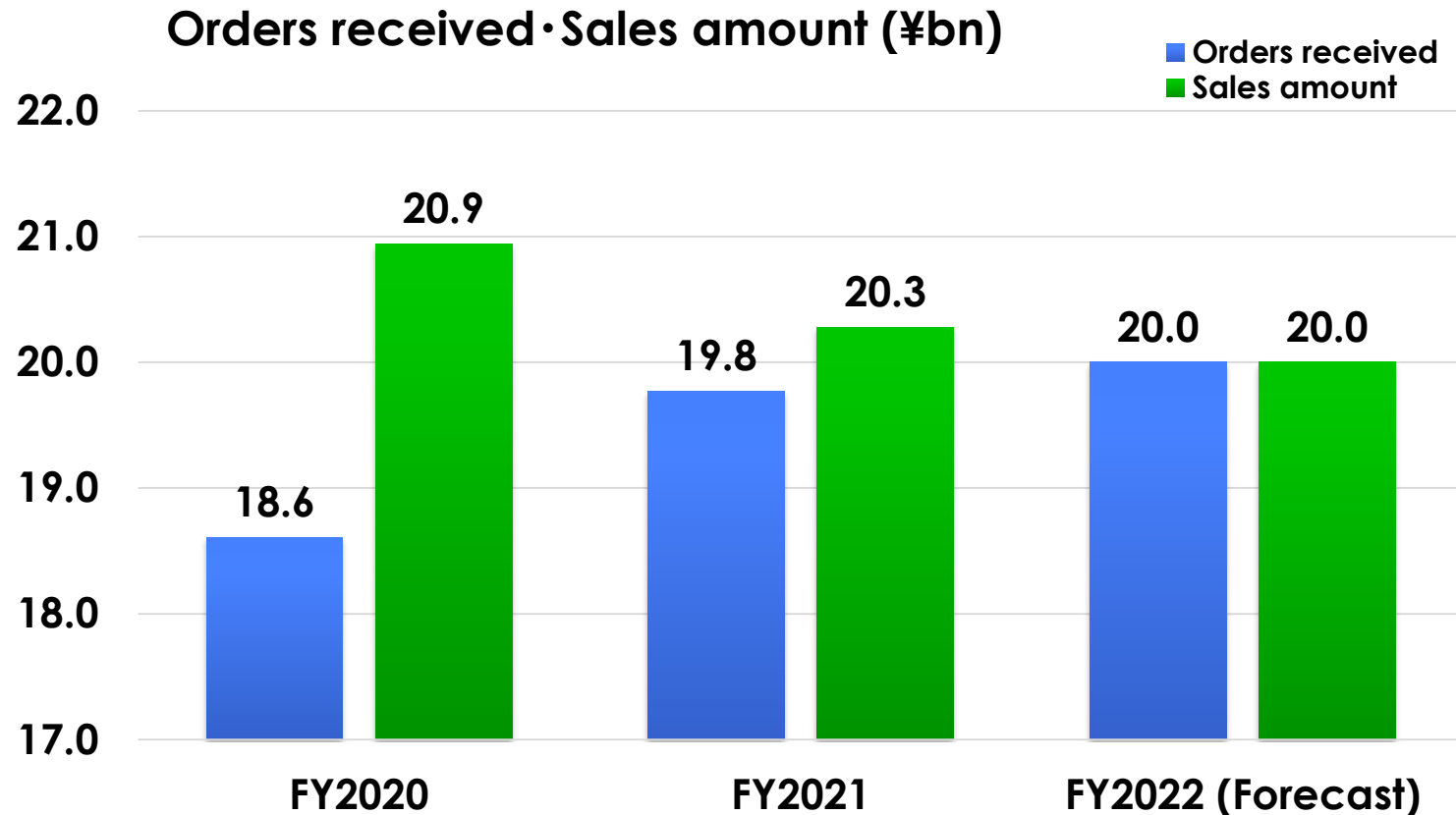


Provide **high-quality, reliable electric transmission technologies** to meet the **needs of customers**

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 Works - Outlook for FY2022 住友電設



(unchanged from the forecast initially announced)

We will make efforts for medium-term growth, putting emphasis on surely securing projects for electricity companies including future demands, as well as receiving orders of investments related to renewable energies. In FY2022, orders received and sales amount are planned to be at the same level as the previous year.

3-2. General Electrical Works

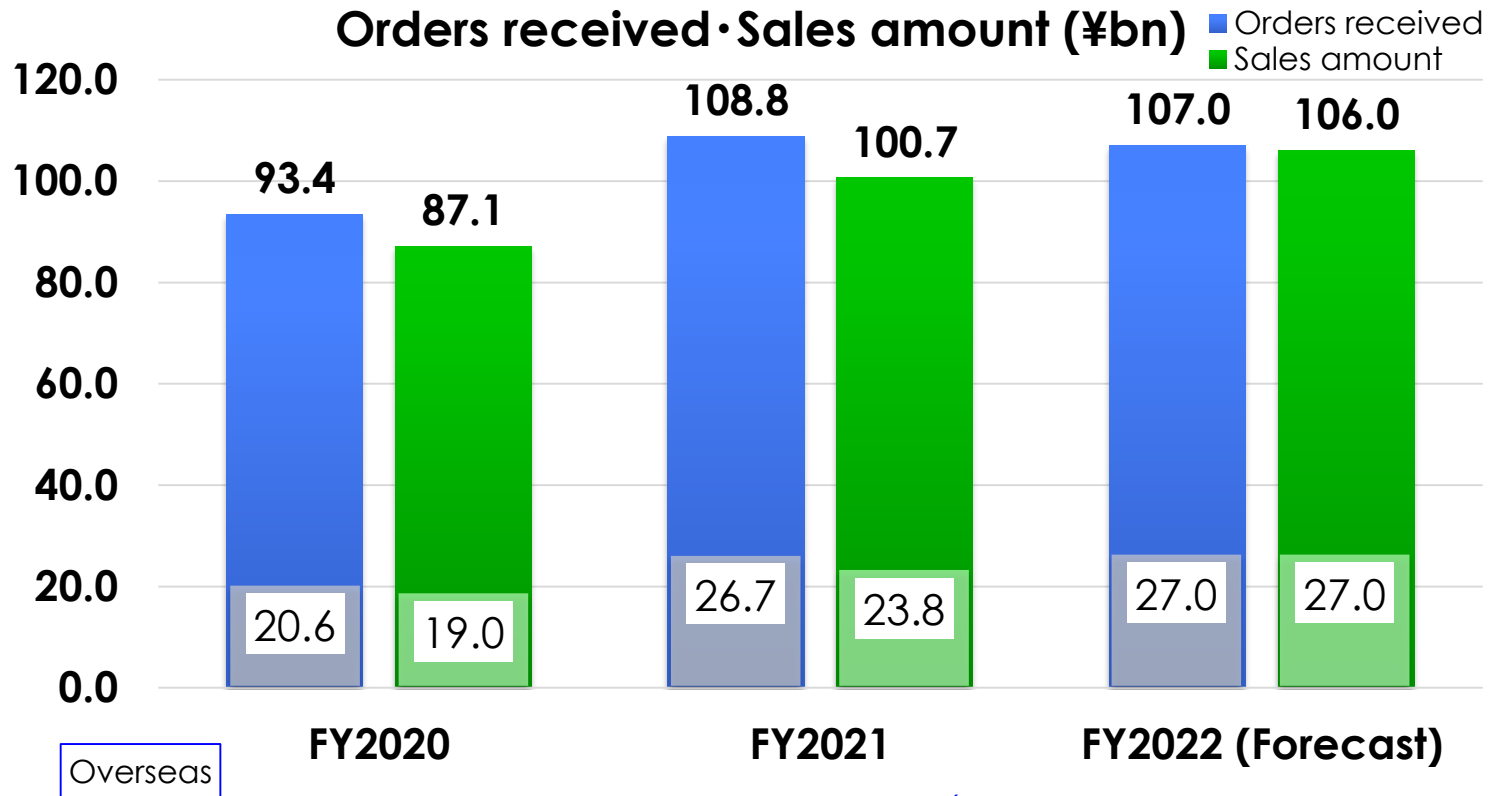


- Electric** : Provide **speedy and high-quality services** for electrical systems that are becoming increasingly important.
- Environment** : Contribute to **the use of energy for a new age**, such as solar, storage cell and biomass systems.
- Overseas** : **50 years of experience** in Southeast Asia.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

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 - Outlook for FY2022 住友電設



Japan :

We will work on receiving orders for redevelopment projects in the Tokyo metropolitan area /Kansai area, data centers, logistics warehouses, plants, etc. in a well-balanced manner. The orders for projects related to Expo 2025 Osaka, Kansai are also expected to be received.

Overseas :

We will also focus on receiving orders from non-Japanese customers due to concerns over the potential impact of the rapid depreciation of the yen on the Japanese companies' investments in Southeast Asia.

3-3. Information & Communications Works 住友電設



Support the establishment of optimal networks using accumulated know-how

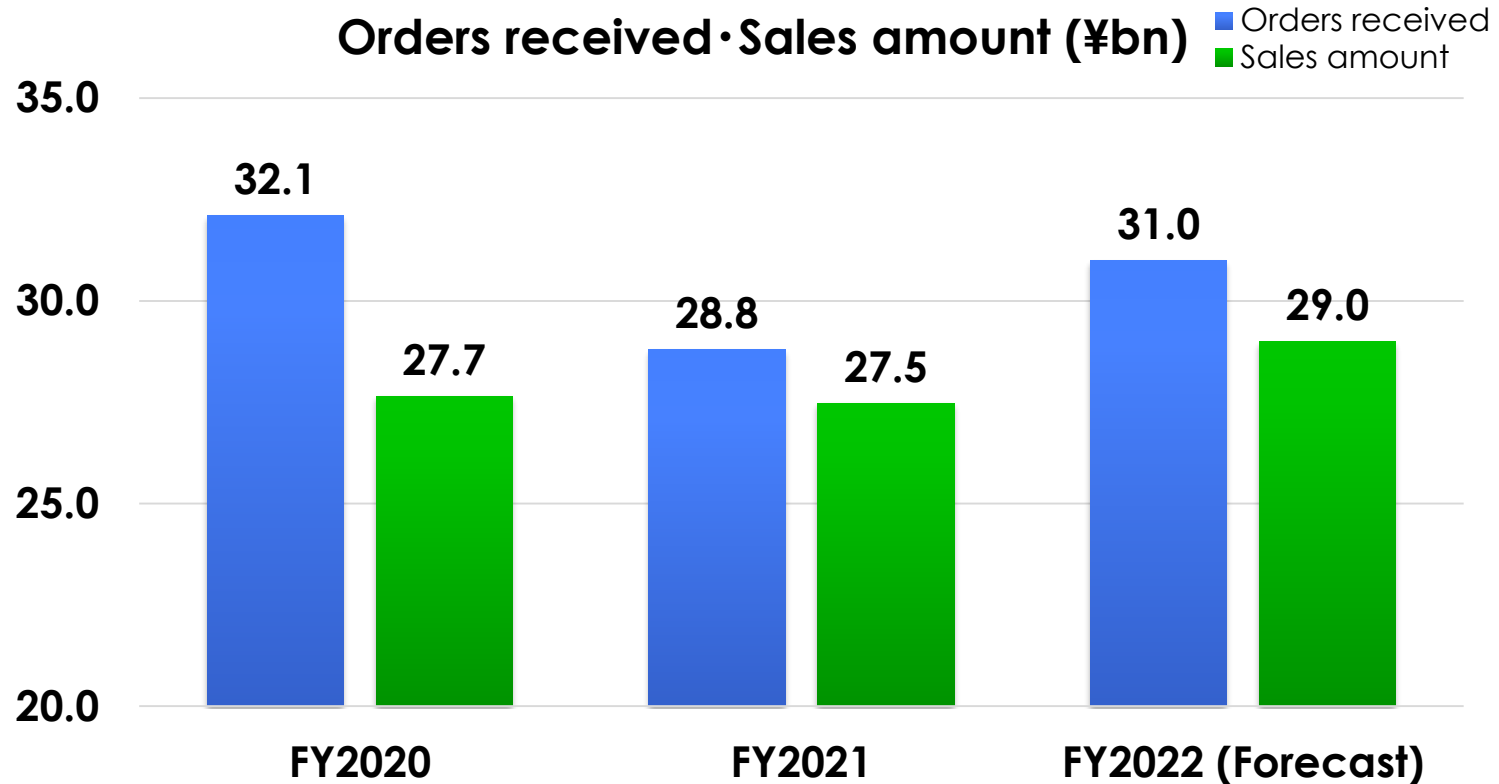
Sumitomo Denetsu provides total engineering services from consultation, system design, construction and operation to the maintenance of communication/broadcasting infrastructure. We will continue supporting the ICT society.

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/>

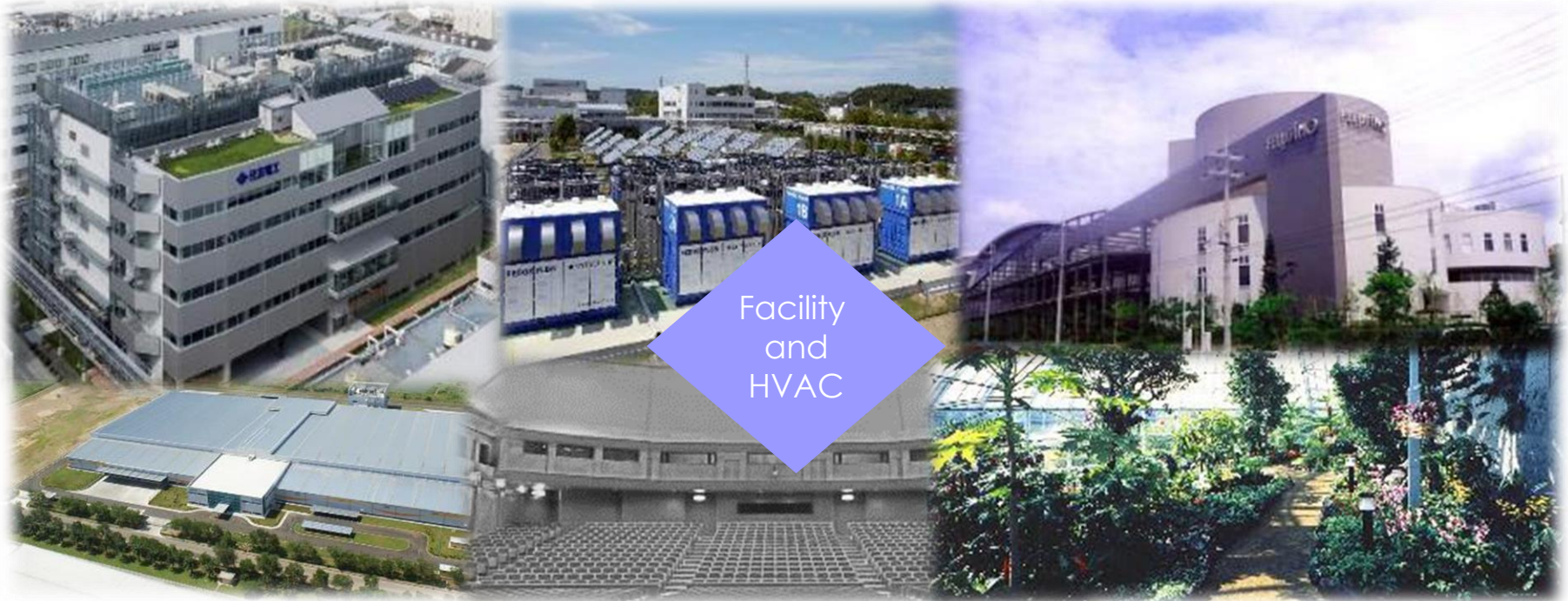
3-3. Information & Communications Works

- Outlook for FY2022



(unchanged from the forecast initially announced)

While the shortage of semiconductors and other impacts will still remain, we will put emphasis on receiving orders for redevelopment projects in the metropolitan areas and projects related to new social infrastructure businesses. Both orders received and sales amount are planned to increase YoY.

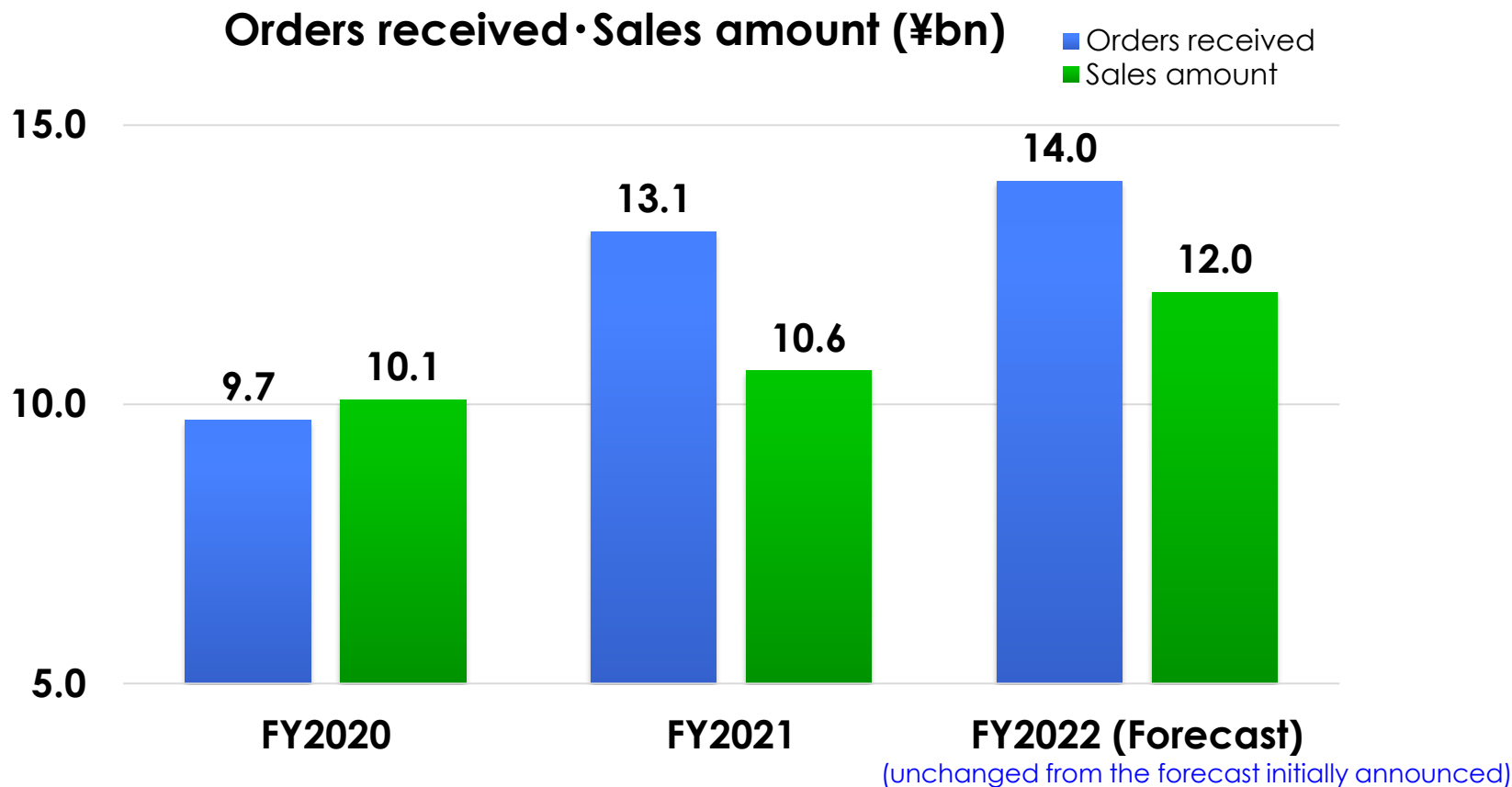


Make the environment of buildings and factories more **comfortable and convenient**

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 Works - Outlook for FY2022



We will continue renewal works within the Sumitomo Electric Group while focusing on order-receiving activities related to office buildings, warehouses, and large housing complexes. Both orders received and sales amount are planned to increase YoY.

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

4-1. VISION 24 Initiatives

[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 - Numerical Targets 住友電設

[Consolidated orders received, sales amount, ordinary income, and ordinary income margin]

	VISION 24 FY2024 target
Orders received	¥200.0 bn
Sales amount	¥200.0 bn
Ordinary income	¥15.0 bn
Ordinary income 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)

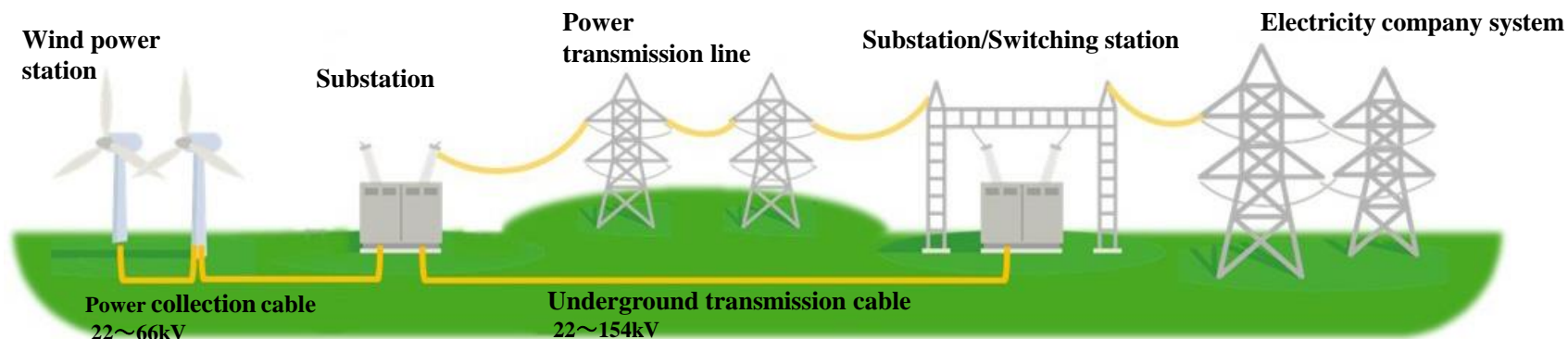
Establishment of Carbon neutral Promotion Department

On June 1, 2022, the Carbon neutral Promotion Department was established in Engineering Headquarters. Amid the global warming and climate change issues, the world is moving toward a carbon neutral society, and customers' needs and difficulties have been drastically changing. Centering on ZEB planning, support for promoting photovoltaics (PV), and proposals of energy-saving renewal (E&M), the department will work on research, study, consulting, etc., aiming at synergy effects across existing businesses and development of business domains, and push ahead with changing employees' awareness as a part of environment contribution activities.

Introduction of renewable energies (private transmission line business)

We will provide a one-stop service for responding to needs from investigation and design through acquisition of approvals and licenses and constructions in relation to power transmission lines of wind power stations and photovoltaic power stations.

[Features of the service]



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

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

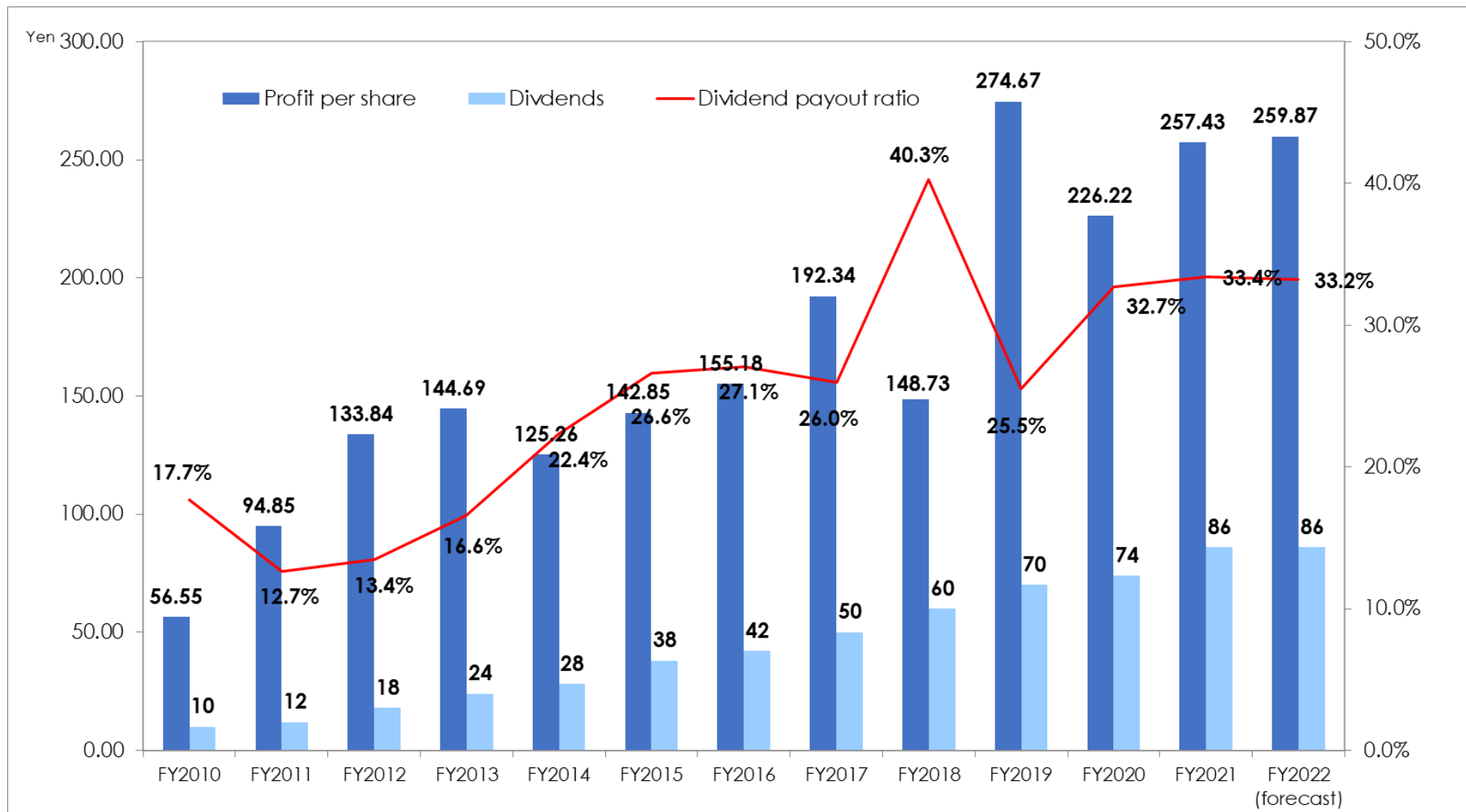
Distribute stable dividends well balanced with internal reserves
taking into consideration business results and future business development.

(unchanged from the forecast initially announced)

	FY17	FY18	FY19	FY20	FY21	FY22 (Forecast)
Net income Income margin (¥bn)	6.84 4.7%	5.29 3.4%	9.77 5.7%	8.05 5.2%	9.14 5.5%	9.2 5.3%
Dividends per share (yen)	50	60	70	74	86	86
Interim dividend	22	25	30	35	37	43
Year-end dividend	28	35	40	39	49	43
(Increase)	(+6)	(+10)	(+10)	(+4)	(+12)	
Profit per share (yen)	192.34	148.73	274.67	226.22	257.43	259.87
Dividend payout Ratio	26.0%	40.3%	25.5%	32.7%	33.4%	33.2%
ROE	11.2%	7.9%	13.8%	10.3%	10.6%	

5-2. Profit and Dividends per Share, and Dividend Payout Ratio

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

Corporate Planning Department,
Sumitomo Densetsu Co., Ltd.
Phone: +81-3-3454-7423