
【Materials for Investor Briefing】 FY2023 Results and Annual Forecasts FY2024

MAY 24, 2024

 **SUMITOMO DENSETSU CO.,LTD.**

Recognizing its social mission and responsibility, the Sumitomo Densetsu Group:

- Aims to develop a favorable environment to support a prosperous and secure society.
- Values its technical prowess and the customer's confidence in it and provides high quality engineering service that gives a high level of customer satisfaction.
- Practices fair and transparent management based on compliance in keeping with a high standard of corporate ethics.
- Seeks to create a vibrant and pleasant business environment while fostering employees rich in creativity.

SEM VALUE



Sincerity

Meet the needs of society in a cordial attitude.

Meet the needs of customer and society, place yourself in the other person's position, and perform tasks properly and actively with sincerity and passion.



Teamwork

Recognize diversity and show a team effort.

Show our integrated strengths and recognize diversity and values, thereby strengthening unity and enabling further growth.



Creation

Create a sustainable future with advanced technologies.

Develop our established technologies and continue to challenge creation of a sustainable society.

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

1.FY2023 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 projects such as Power Transmission works for private sector and electricity companies as well as General Electrical works for data centers.

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

There were individual unprofitable projects and an increase in expenses associated with investments in human resources and technologies, such as work style reforms and IT investment.

■ FY2023

(¥bn)	FY2022	FY2023			Growth	
	Actual①	Plan ②	Actual ③	Difference ③-②	Growth ③-①	Percentage
Orders Received	188.8	190.0	225.9	35.9	37.1	19.6%
Net Sales	175.1	185.0	185.5	0.5	10.4	5.9%
Operating profit	13.46	13.50	12.55	△0.95	△0.91	△6.8%
Margin	7.7%	7.3%	6.8%	△0.5%	△0.9%	
Ordinary profit	14.39	14.50	13.50	△1.00	△0.89	△6.2%
Margin	8.2%	7.8%	7.3%	△0.5%	△0.9%	
Profit attributable to owners of parent	9.38	9.50	10.06	0.56	0.68	7.2%
Margin	5.4%	5.1%	5.4%	0.3%	0.1%	
Backlog of Orders	122.4		162.8		40.3	33.0%

■ Year-end dividend for FY2023 was ¥59 per share

**(up ¥12 per share from the forecast at the start of the fiscal year),
annual dividend of ¥106 per share**

2.FY2024 Forecast

■ Business Environment Overall steady growth

Expected demand : Growth areas such as data centers, 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 : Increased costs due to progression of the weak yen, high prices of materials, equipment, and cables, soaring labor costs, and rush construction due to delays in the progress of our construction work associated with delays in general contractor's processes.

■ Consolidated Forecast for FY2024:

Our forecast for FY2024 is in line with the numerical targets set forth in [VISION 24](#)

	VISION24					
(¥bn)	2020	2021	2022	2023	FY2024 Forecast	Growth(%)
Orders Received	162.1	179.0	188.8	225.9	220.0	△2.6%
Net Sales	154.1	167.6	175.1	185.5	200.0	7.8%
Operating profit	11.32	13.01	13.46	12.55	14.50	15.6%
Margin	7.3%	7.8%	7.7%	6.8%	7.3%	
Ordinary profit	11.94	13.90	14.39	13.50	15.00	11.1%
Margin	7.7%	8.3%	8.2%	7.3%	7.5%	
Profit attributable to owners of parent	8.05	9.14	9.38	10.06	10.00	△0.6%
Margin	5.2%	5.5%	5.4%	5.4%	5.0%	

■ Dividends Forecast for FY2024

An annual dividend of **¥114 per share** (interim ¥57) is planned, **up¥8** per share from FY2023.

3.Net Sales for FY2024 by Works Type 住友電設

■ Net Sales for FY2023 Results by Works Type

(Our forecast for FY2024 are explained on the following pages by Works Type)

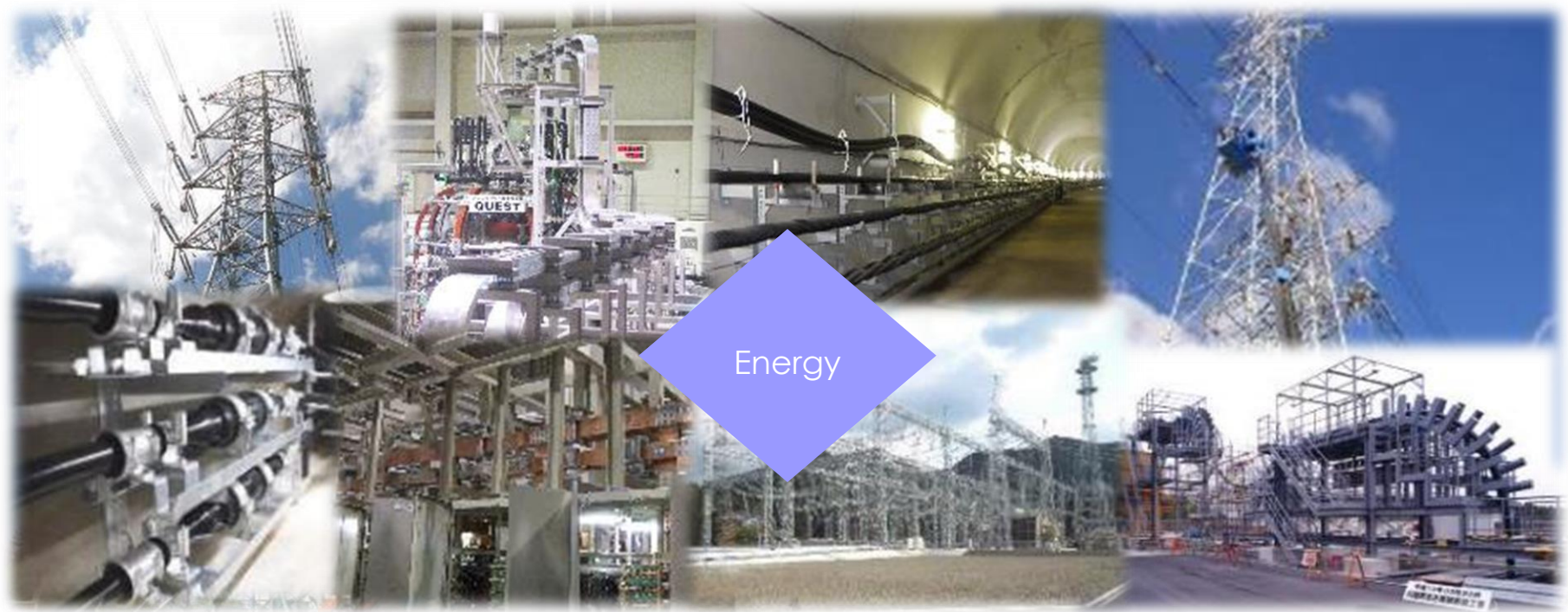
Power Transmission Significant increase YoY due to progress on large-scale Backlog of Orders in projects for [electricity companies](#), [electric furnace projects](#) for private sector, and [renewable energy](#) projects.

General Electrical J a p a n :Increased YoY due to progress of large-scale projects such as [data centers](#) and redevelopment projects in the metropolitan areas
Overseas :Decreased YoY due to a decline in projects for Japanese companies mainly following the rapid depreciation of the yen.

Info & Comms Communication System: Secured the same level as FY2022 mainly due to projects of [digital radio communication system for fire and ambulance service](#) offsetting the decrease of mobile base station projects
Information & Telecommunication: Increased YoY due to [plant](#), [medical](#), and [educational facility-related projects](#).

Facility & HVAC Increased YoY due to a progress of Backlog of Orders in HVAC division.

Net Sales for by Works Type(¥bn)	2020	2021	2022	2023	FY22→23 Growth	2024 Forecast	FY23→24 Growth
Power Transmission	20.9	20.3	19.1	24.5	5.4	30.0	5.5
General Electrical	87.1	100.7	106.0	111.1	5.2	116.0	4.9
Non-consolidated + Japanese Subsidiaries	68.1	76.8	76.6	83.2	6.6	85.0	1.8
Overseas Subsidiaries	19.0	23.8	29.3	27.9	△ 1.4	31.0	3.1
Info & Comms	27.7	27.5	28.5	29.6	1.1	32.0	2.4
Facility & HVAC	10.1	10.6	12.1	12.4	0.4	14.0	1.6
Others	8.3	8.6	9.5	7.8	△ 1.6	8.0	0.2
TOTAL	154.1	167.6	175.1	185.5	10.4	200.0	14.5



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

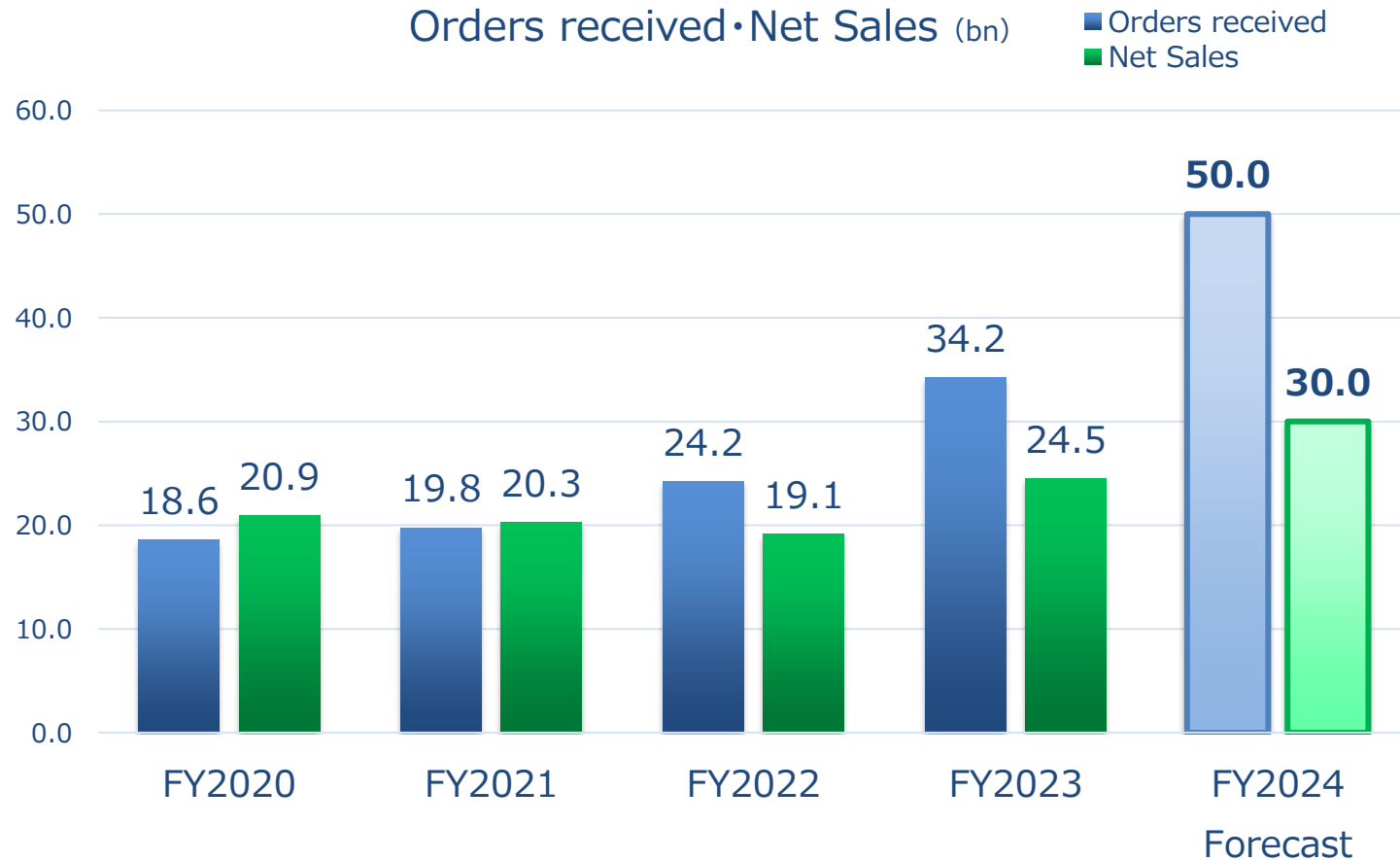
Electricity is vital to modern society. Sumitomo Densetsu has a range of experience in the construction of the facilities required for the transmission of “electricity,” including overhead and underground transmission, electrical substations, and electrical power distribution systems. We are also engaged 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 FY2024 Forecast 住友電設

■ Summary of the FY2024

Both Orders received and Net sales are planned to increase YoY



We will make it our highest priority to acquire large-scale private transmission line projects related to renewable energy. We will also continue to focus on acquiring projects for electricity companies and projects for private sector such as those for steel manufacturers.

3-2.General Electrical Works



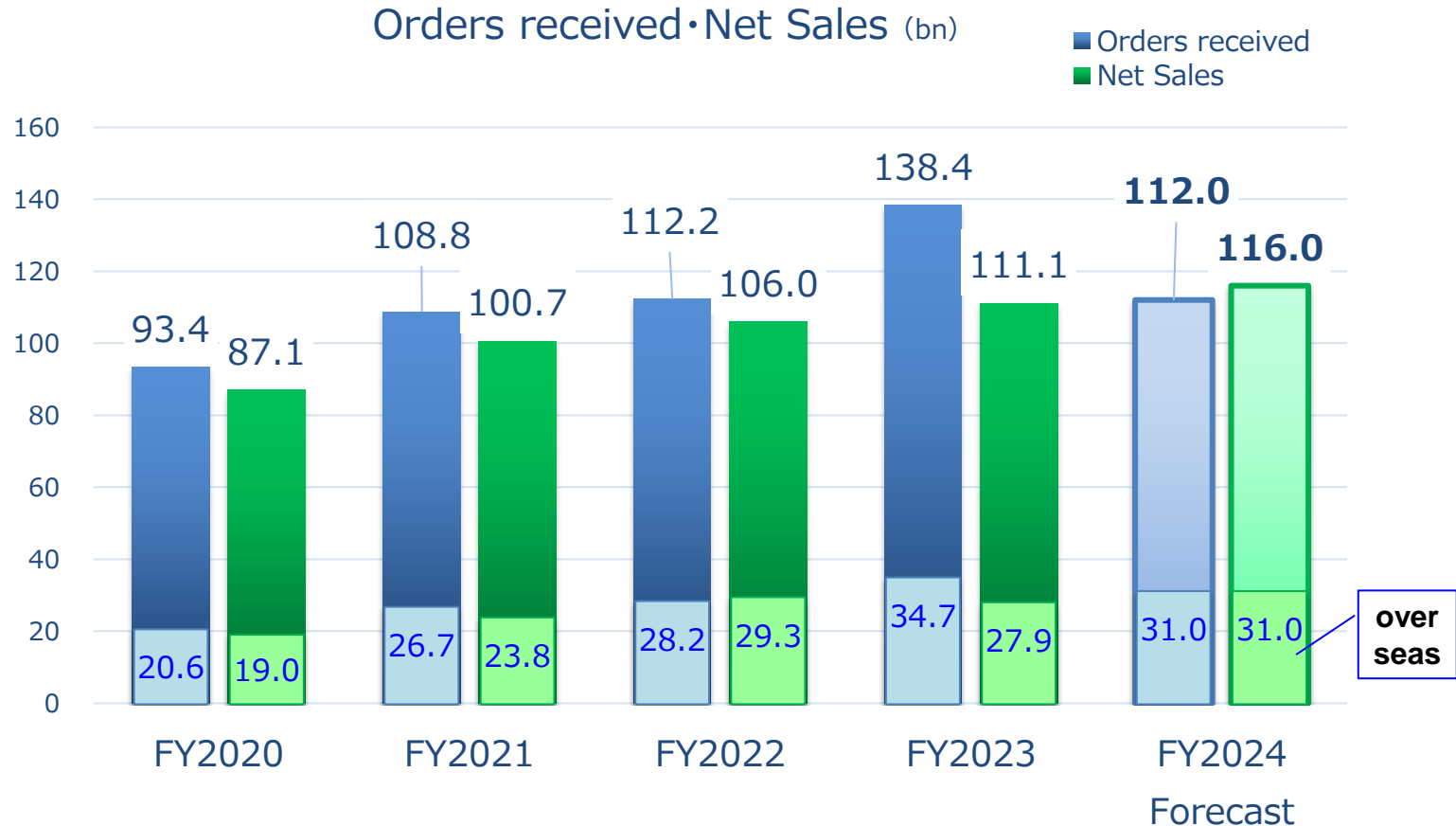
- Electric** : Provide **speedy and high-quality services** for electrical systems that are becoming increasingly important.
- Overseas** : **50 years of experience** in Southeast Asia. Contributing to the development of customers and regions.
- Environment** : Contribute to **the use of energy for a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

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

■ Summary of the FY2024

Orders received are planned to decrease YoY, Net sales are planned to increase YoY



Japan : In addition to growth areas such as data centers, we will focus on acquiring projects expecting continued orders into the future such as plants.

Overseas: We will focus on semiconductor-related and data center projects for Japanese companies. It is vital that we expand projects for non-Japanese companies.

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.

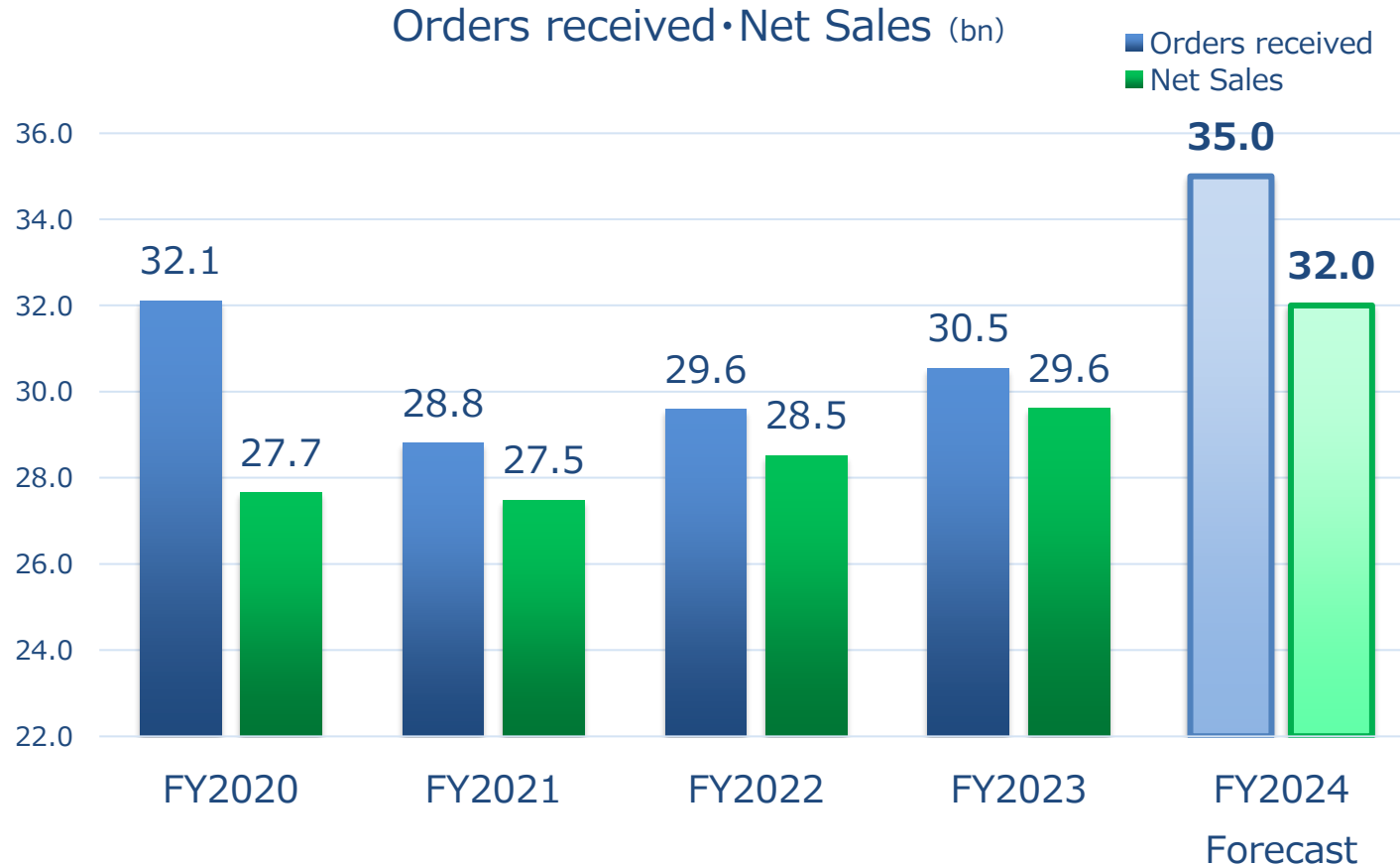
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3-3.Information & Communications Works 住友電設

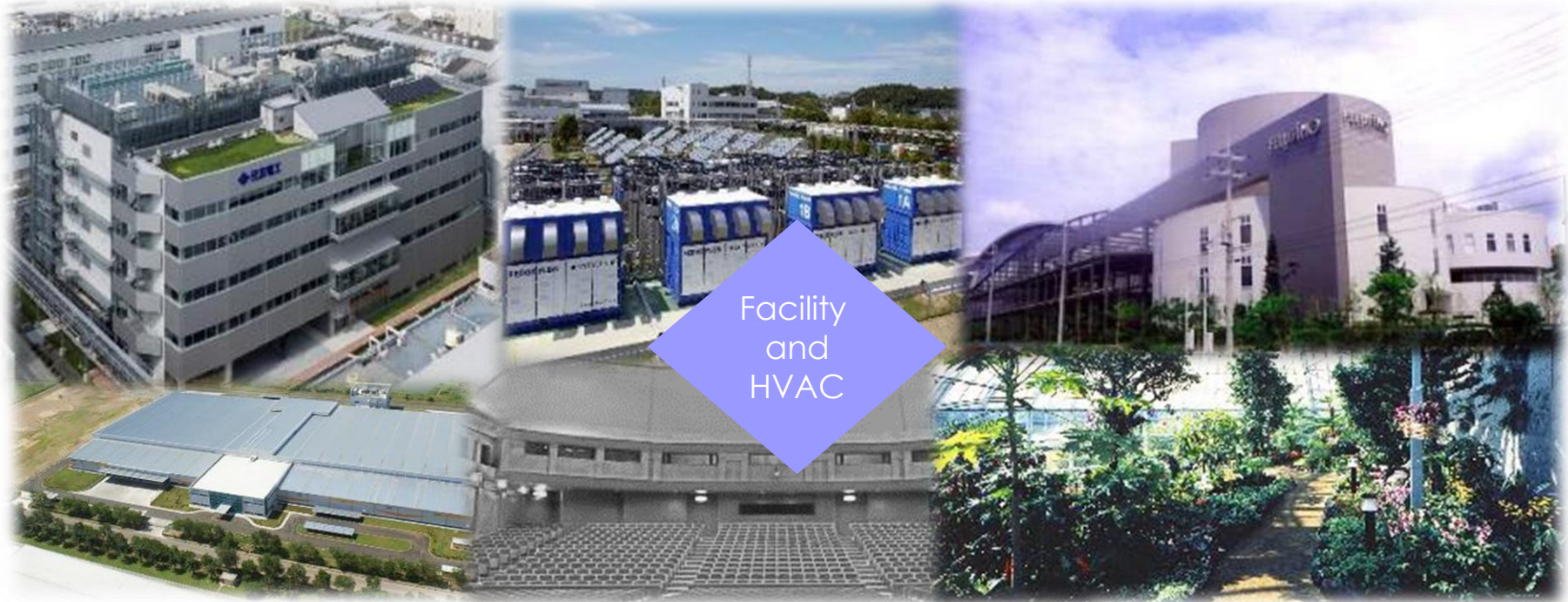
FY2024 Forecast

■ Summary of the FY2024

Both Orders received and Net sales are planned to increase YoY



Following FY2023, we will continue to focus on securing communications infrastructure projects (fire and ambulance commands, wide area wireless networks, subways, etc.) and information infrastructure projects for large facilities (hotels, medical and nursing care, educational facilities, etc.)



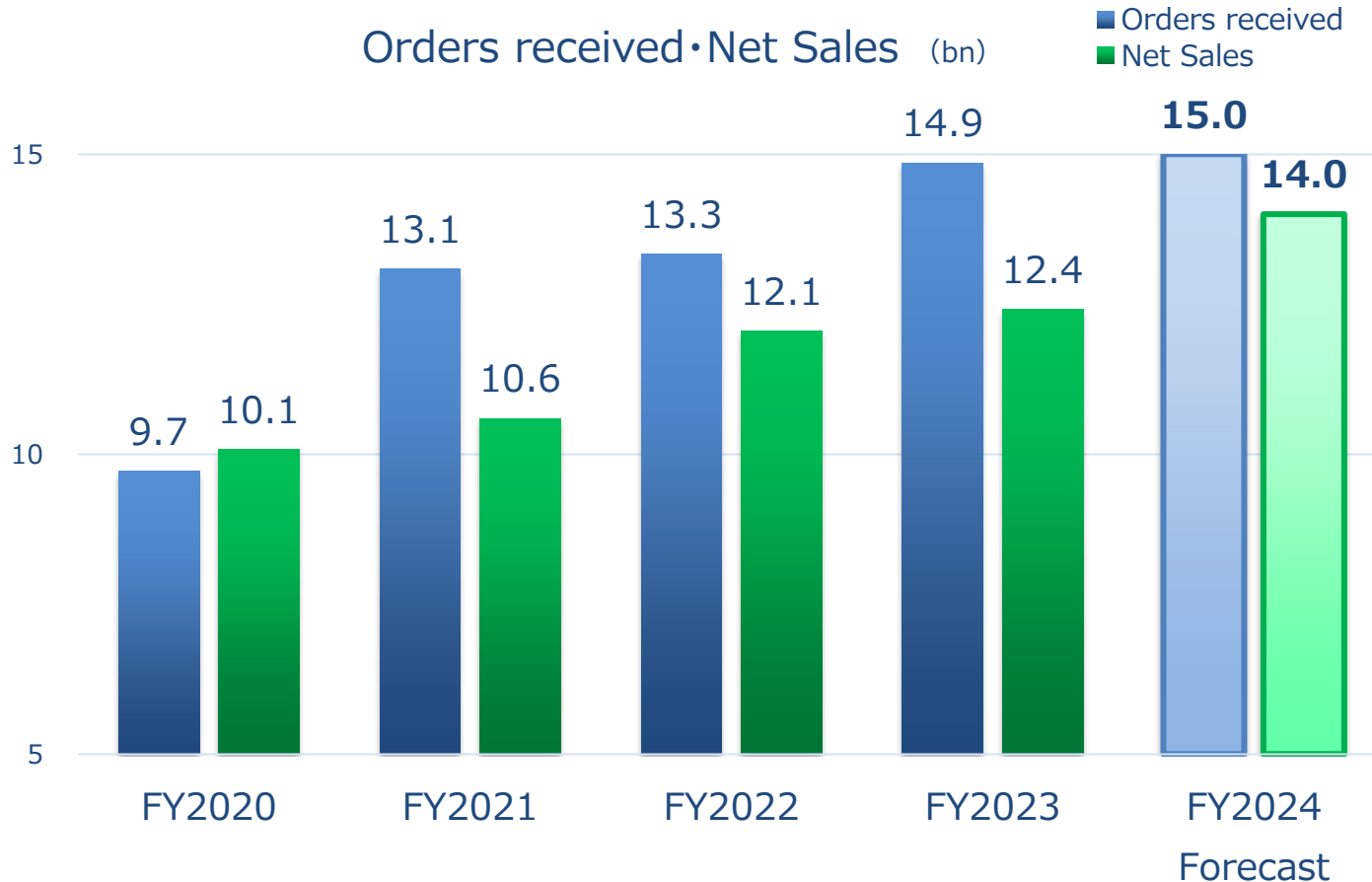
Make the environment of buildings and factories more **comfortable and convenient**

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.

3-4.Facility and HVAC FY2023 Forecast

■ Summary of the FY2024

Orders received is planned to remain flat YoY and Net sales is planned to increase YoY



Following FY2023, we will focus on projects of capital investment in the Sumitomo Electric Group as well as projects related to Expo 2025 Osaka, Kansai, and expanding direct orders from major general contractors and plant operators.

[Ideals of the Sumitomo Denetsu 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 Denetsu 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 Denetsu 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)

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

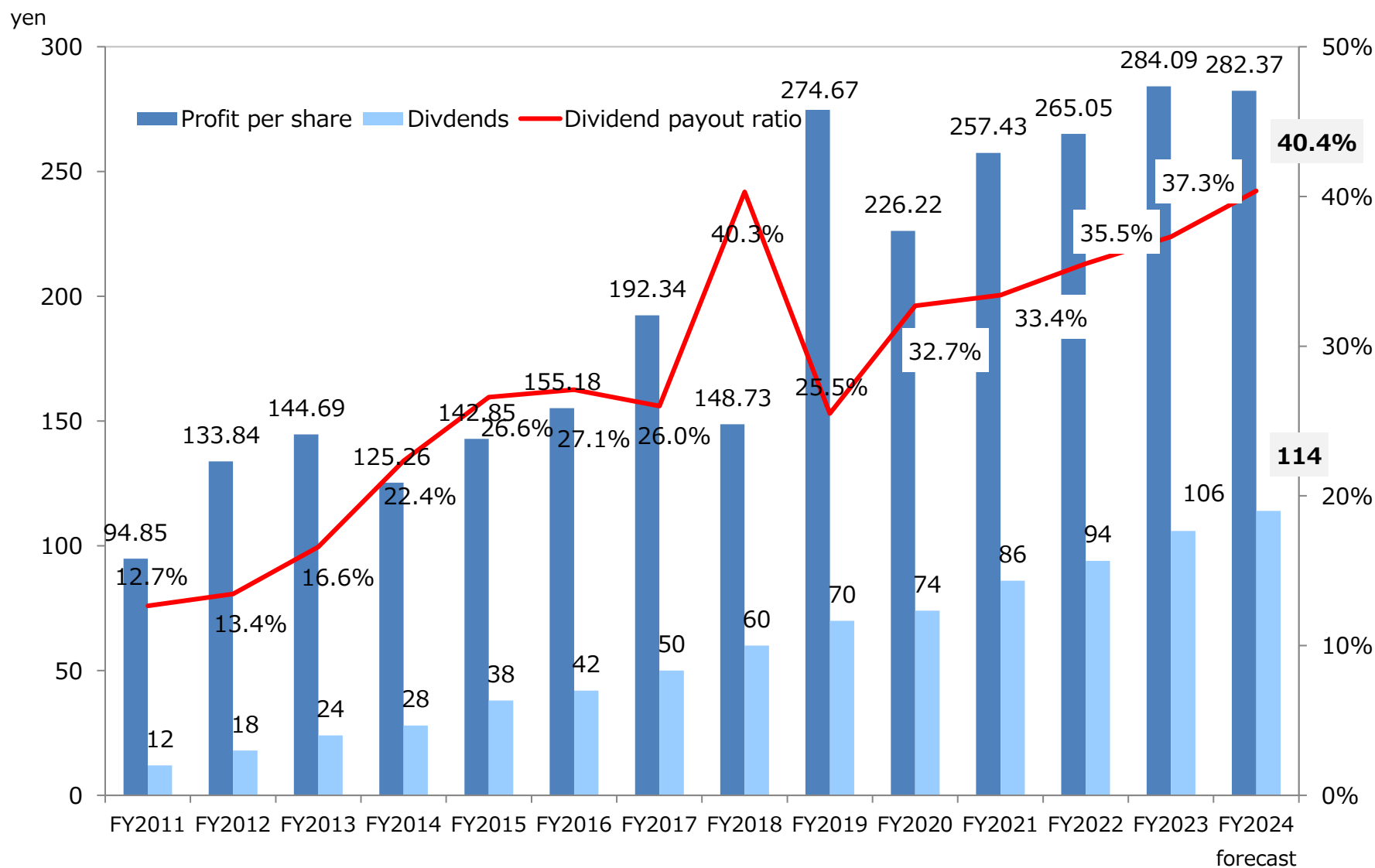
In FY2024, we plan to achieve our Medium-term Management Plan
VISION 24 target of a dividend payout ratio of 40%

	FY20	FY21	FY22	FY23	FY24 (forecast)
Profit attributable to owners of parent Margin (¥bn)	8.05 5.2%	9.14 5.5%	9.38 5.4%	10.06 5.4%	9.50 5.1%
Dividends per share[yen]	74	86	94	106	114
Interim dividend[yen]	35	37	43	47	57
Year-end dividend[yen]	39	49	51	59	57
(Increase) [yen]	(+4)	(+12)	(+8)	(+12)	(+8)
Profit per share(yen)	226.22	257.43	265.05	284.09	282.37
Dividend payout Ratio	32.7%	33.4%	35.5%	37.3%	40.4%
					V24 target 40%
ROE	10.3%	10.6%	10.2%	10.0%	V24 target 10%

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

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

Dividends have increased for 13 consecutive fiscal years since FY2011



以上

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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