
【Materials for Investor Briefing】

FY2023 1st Half Results

and Annual Forecasts FY2023

November 24, 2023

 **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.

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1-1. Summary of FY2023 1st Half Results 住友電設

◇ Explanation of Business Results

Orders received and Backlog of Orders reached a record high for the 1st half.

[Orders received] increase year on year (YoY)

Large-scale projects such as data center projects in General Electrical, and renewable energy projects in Power Transmission.

[Net Sales] : decrease year on year (YoY)

Decrease in Backlog of Orders for Info & Comms, and reactionary decline following large-scale projects, etc.

[Operating profit·Ordinary profit] decrease year on year (YoY)

A decrease in Net sales could not offset an increase in expenses associated with investments in human resources, such as work style reforms and improvement in workplace environment.

◇ FY2023 1st Half Results

(¥bn)	FY2022 1H	FY2023 1H			Growth	
	Actual①	Plan ②	Actual ③	Difference ③-②	Growth ③-①	Percentage
Orders Received	98.9	-	105.5	-	6.6	6.7%
Net Sales	81.5	83.0	79.9	△ 3.1	△ 1.6	△2.0%
Operating profit	5.31	4.00	3.11	△ 0.89	△ 2.20	△41.4%
Margin	6.5%	4.8%	3.9%	△0.9%	△2.6%	-
Ordinary profit	5.84	4.50	3.63	△ 0.87	△ 2.21	△37.8%
Margin	7.2%	5.4%	4.5%	△0.9%	△2.6%	-
Profit attributable to owners of parent	3.79	2.70	2.46	△ 0.24	△ 1.33	△35.1%
Margin	4.6%	3.3%	3.1%	△0.2%	△1.6%	-
Backlog of Orders	126.1	-	148.0	-	21.9	17.3%

◇ Interim Dividends for FY2023 **¥47 per share**, as forecast at the start of the fiscal year

1-2. Net Sales for FY2023 1st Half Results by Works Type 住友電設

Power Transmission

Increased YoY due to progress on the backlog of orders, including projects for plants and renewable energy.

General Electrical

Japan: Increased YoY due to progress of large-scale projects such as data centers.

Overseas: Decreased YoY due to reactionary decline following large-scale projects such as data centers performed in the previous fiscal year.

Info & Comms

Communication System: Decreased YoY due to a decrease of mobile base station works.

Information & Telecommunication: Decreased YoY due to a decrease in backlog of orders, etc.

Facility & HVAC

Decreased YoY due to reactionary decline following large-scale plant construction in the previous fiscal year.

Net Sales for by Works Type(¥bn)	FY2021 1H	FY2022 1H	FY2023 1H	FY22→23 Growth(%)	FY2023 Composition
Power Transmission	8.9	8.2	10.5	28.1%	13.1%
General Electrical	43.3	50.9	48.7	△4.3%	61.0%
Non-consolidated + Japanese Subsidiaries	32.3	35.5	36.0	1.4%	45.0%
Overseas Subsidiaries	11.0	15.4	12.7	△17.6%	15.9%
Info & Comms	11.3	12.7	11.6	△8.9%	14.5%
Facility & HVAC	5.1	5.3	5.0	△5.7%	6.2%
Others※	4.2	4.4	4.1	△6.1%	5.2%
合 計	72.9	81.5	79.9	△2.0%	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.

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2-1. FY2023 Forecast

◇ Business Environment

Expected demand: Growth areas such as data centers, redevelopment projects in the metropolitan areas, carbon-neutral investments including renewable energy, Expo 2025 Osaka, Kansai, etc.

Potential risks: Soaring labor costs, delays in delivery and price hikes of materials and equipment, and postponement or contraction of investment plans resulting from above. Increased costs due to site progress delays, etc.

◇ Consolidated Forecast for FY2023 (unchanged from the forecast initially announced)

(¥bn)	2021 Actual	2022 Actual	2023 Forecast	Growth(%)	FY2024 VISION24
Orders Received	179.0	188.8	190.0	0.6%	200.0
Net Sales	167.6	175.1	185.0	5.6%	200.0
Operating profit Margin	13.01 7.8%	13.46 7.7%	13.50 7.3%	0.3%	
Ordinary profit Margin	13.90 8.3%	14.39 8.2%	14.50 7.8%	0.7%	15.00 7.5%
Profit attributable to owners of parent Margin	9.14 5.5%	9.38 5.4%	9.50 5.1%	1.2%	

◇ Dividends Forecast for FY2023 (As forecasted at the start of the fiscal year)

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

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

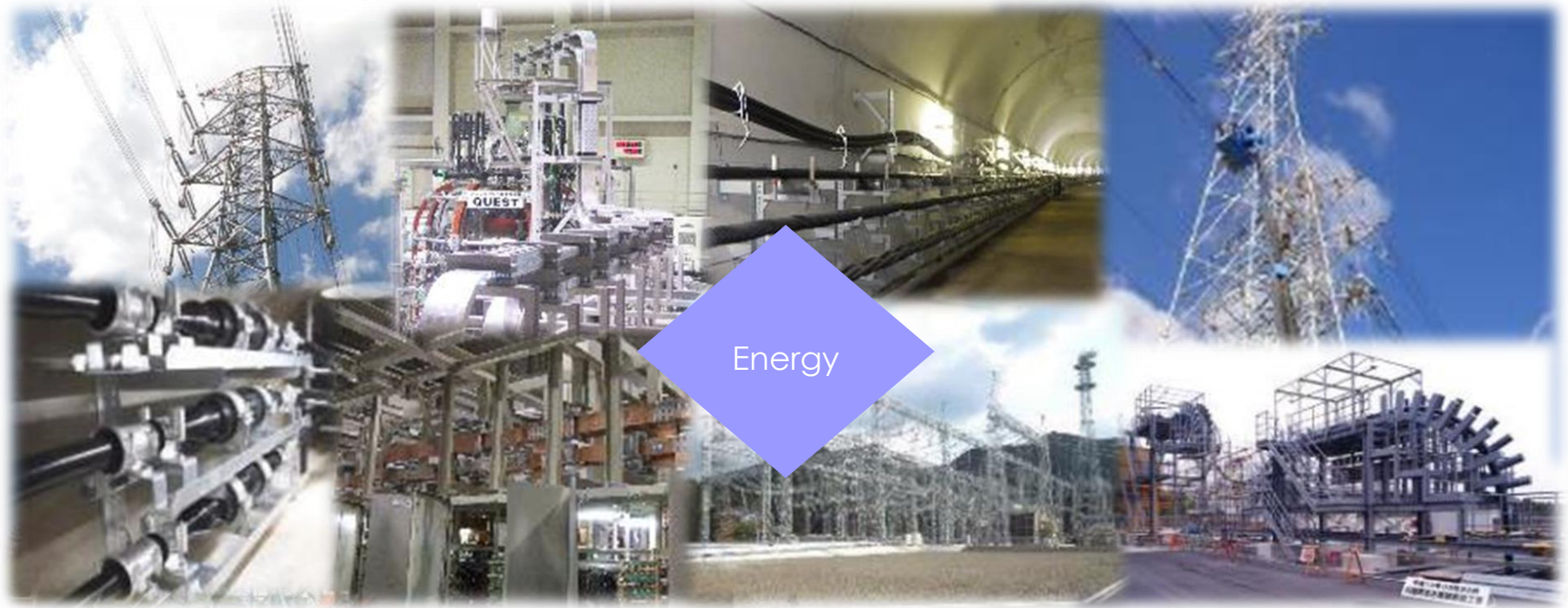
We are planning to increase sales, primarily in Power Transmission projects where increases in private sector demand and renewable energy projects are predicted.

(unchanged from the forecast initially announced)

Net Sales for by Works Type(¥bn)	FY2021	FY2022	FY2023 Forecast	FY22→23 Growth(%)	FY2023 Composition
Power Transmission	20.3	19.1	22.5	17.5%	12.2%
General Electrical	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%
Info & Comms	27.5	28.5	30.0	5.2%	16.2%
Facility & HVAC	10.6	12.1	13.0	7.9%	7.0%
Others※	8.6	9.5	8.5	△10.1%	4.6%
TOTAL	167.6	175.1	185.0	5.6%	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.

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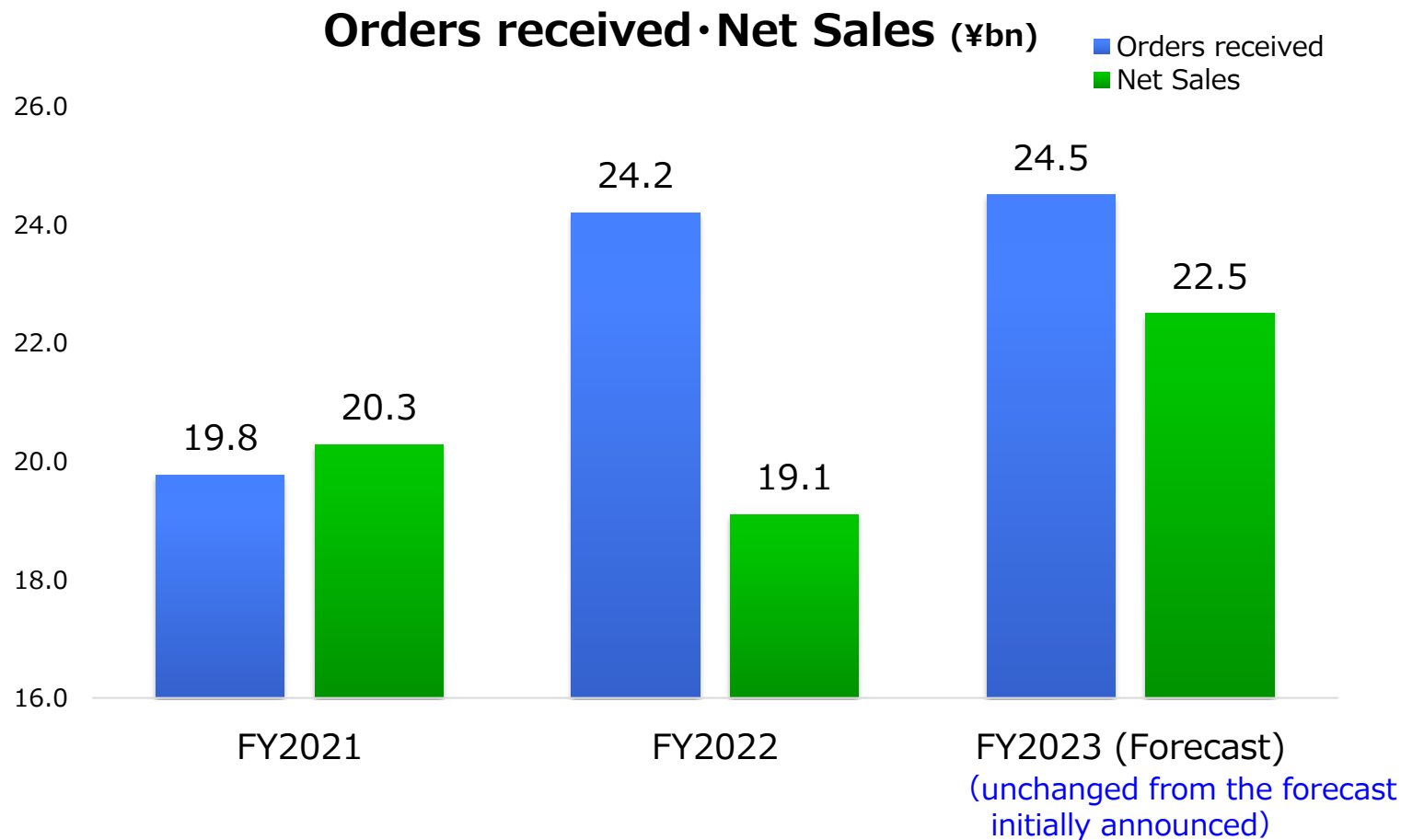


Provide **high-quality, reliable electric transmission technologies** to meet the **needs of customers**

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



Following the 1st half, we will make efforts for projects for electricity companies, private sector demand mainly for steel manufacturers, and renewable energy-related investments.

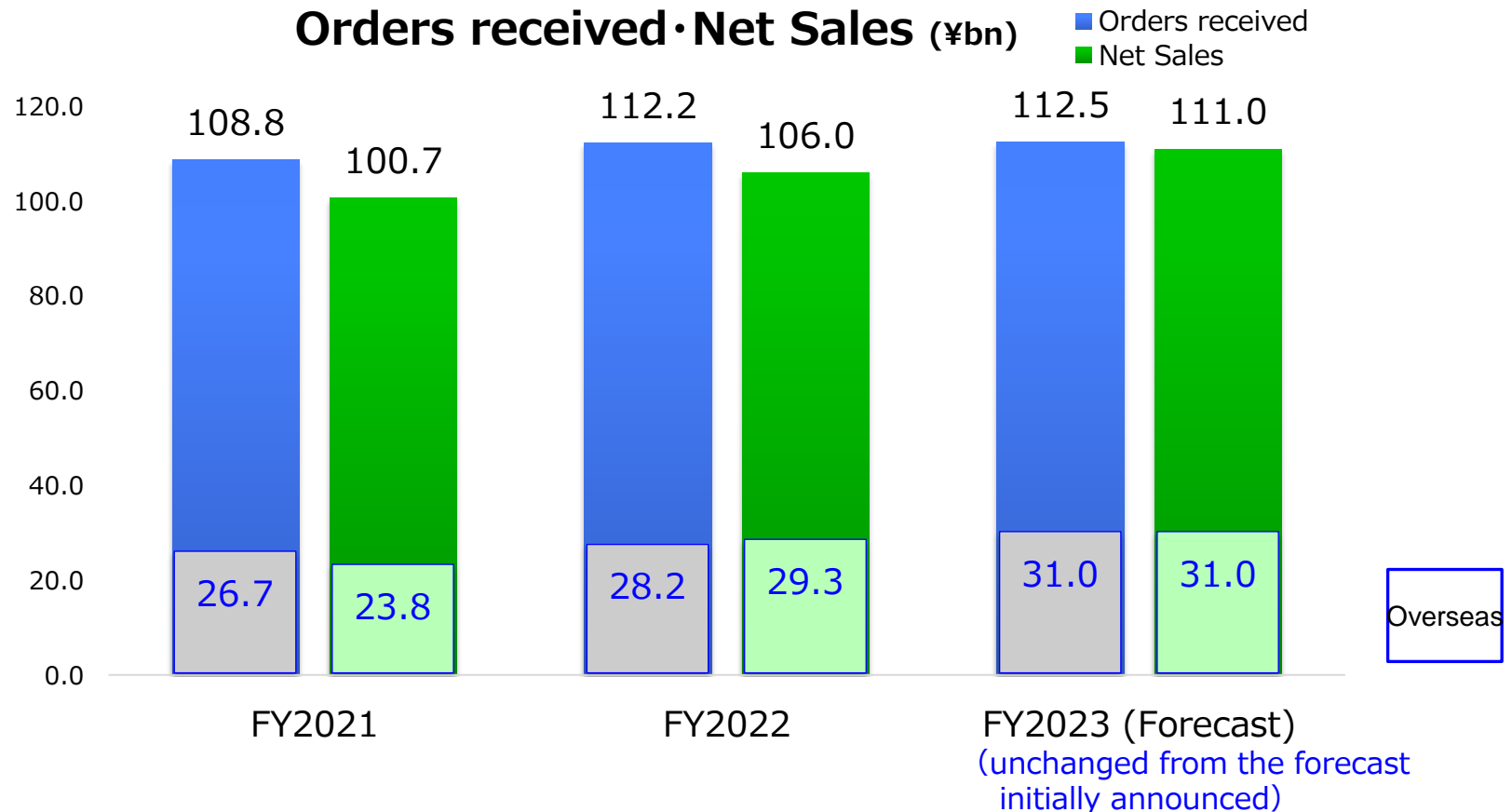


- Electric** : Provide **speedy and high-quality services** for electrical systems that are becoming increasingly important.
- Overseas** : **50 years of experience** in Southeast Asia. Contributing to the development of customers and regions.
- Environment** : Contribute to **the use of energy for a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



J a p a n : 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.

Overseas: In addition to securing Japanese companies' investments in Southeast Asia, we will also focus on orders from non-Japanese companies.

3-3.Information & Communications Works 住友電設

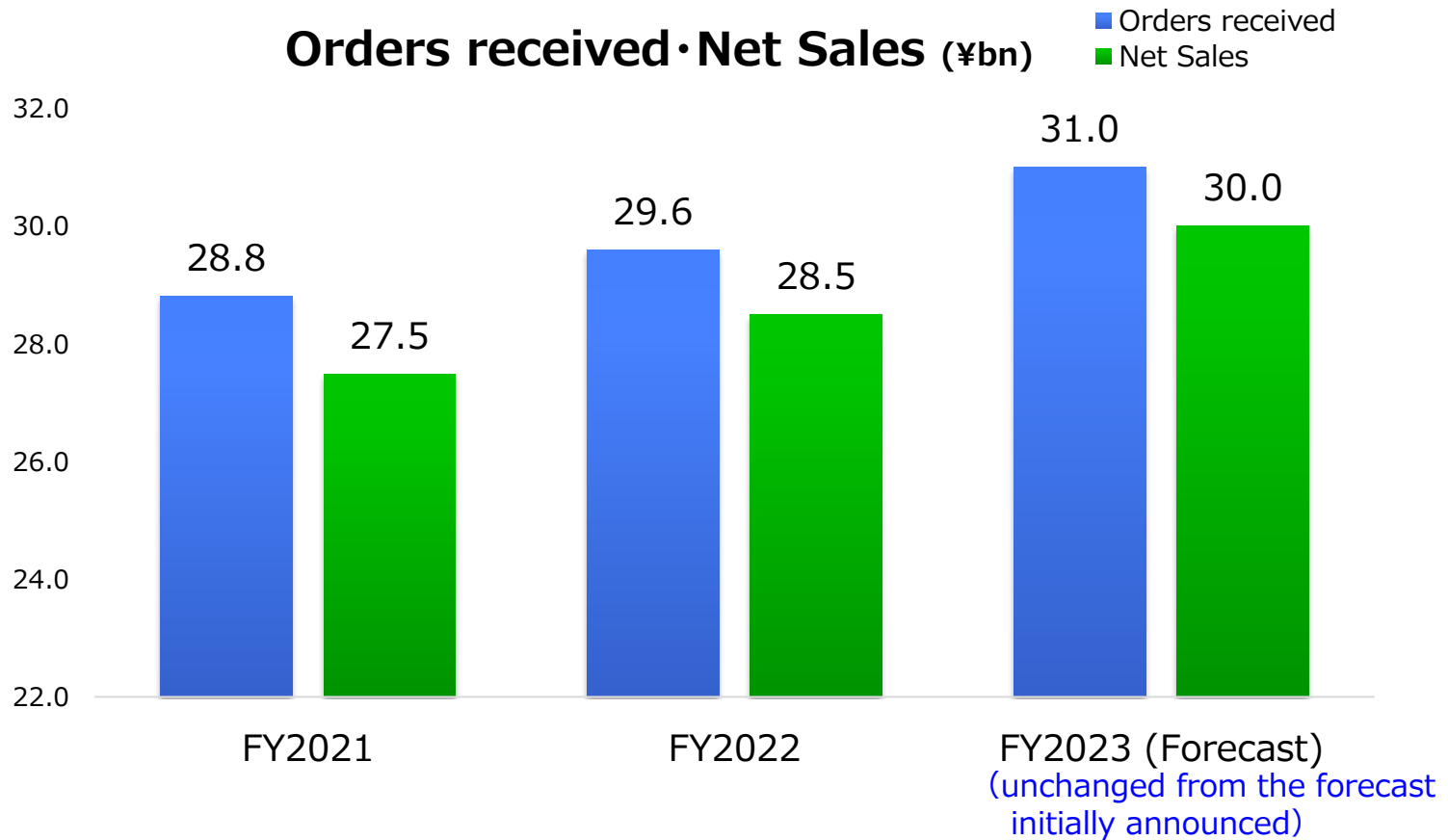


Support **the establishment of optimal networks** using **accumulated know-how**

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.

For more details, please refer to the link below
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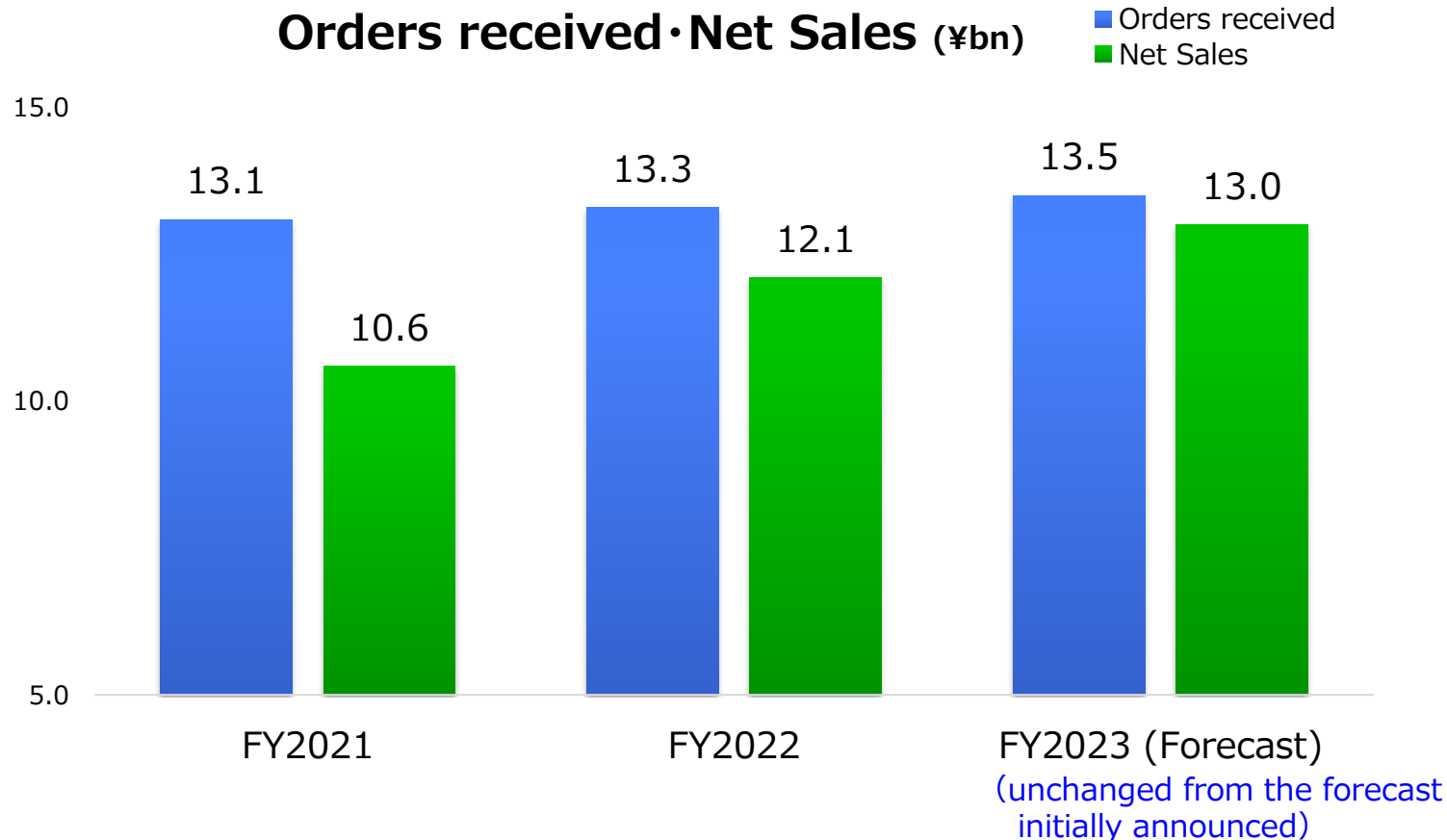
We will focus on securing communications infrastructure projects (incident commands, wide area wireless networks, and subways) and information infrastructure projects for large facilities (hotels, call centers, data centers, and educational facilities, etc.).



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



Following the 1st half, 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.

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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)

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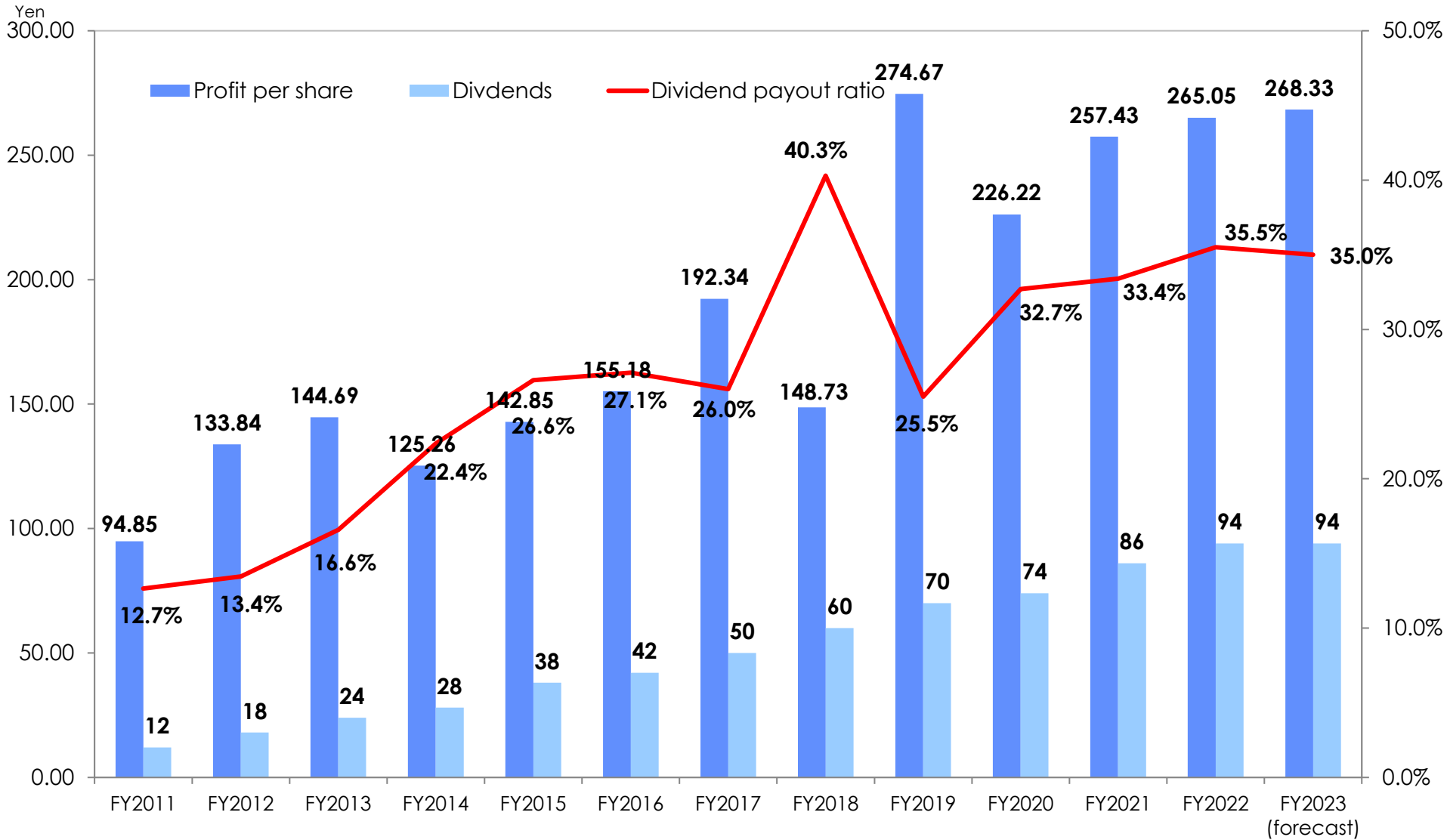
5-1. Policy on the Distribution of Profits to Shareholders 住友電設

Distribute stable dividends well balanced with internal reserves taking into consideration business results and future business development.
(unchanged from the forecast initially announced)

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

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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