

Securities code : 1959



Kyudenko Corporation

FY ended March 2021, First quarter end



Outline of balance sheet

(Million yen)

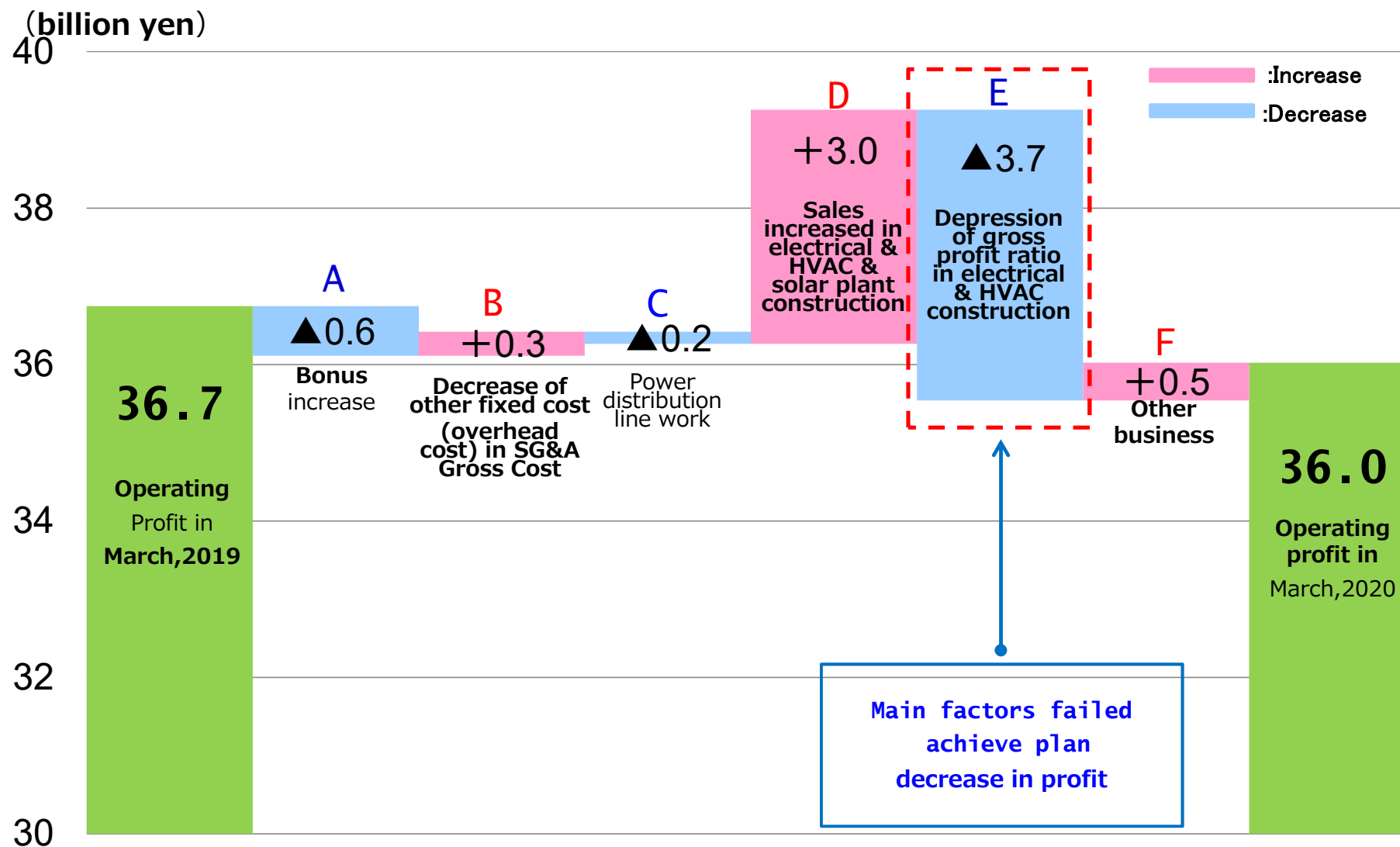
| | End of Mar. 2019 | End of Mar. 2020 | End of June 2020 | Increase /decrease | Main factors behind increase/decrease |
|----------------------------------|---------------------|---------------------|---------------------|-----------------------|--|
| Current assets | 206,268 (57.7%) | 216,269 (58.7%) | 194,532 (56.1%) | ▲21,737 | Trade notes and accounts receivable ▲48,443 Cash on hand and in banks +19,677 Costs on uncompleted construction contracts +3,719 |
| Fixed assets | 151,002 (42.3%) | 152,212 (41.3%) | 152,272 (43.9%) | 60 | Investment securities +1,309 Asset for retirement benefits ▲418 Deferred tax assets ▲316 |
| Total assets | 357,271 (100.0%) | 368,482 (100.0%) | 346,805 (100.0%) | ▲21,676 | |
| Current liabilities | 142,144 (39.8%) | 142,723 (38.7%) | 122,353 (35.3%) | ▲20,369 | Trade notes and accounts payable ▲29,231 |
| Fixed liabilities | 32,949 (9.2%) | 28,316 (7.7%) | 26,659 (7.7%) | ▲1,657 | Net defined benefit liability ▲968 Long-term debt ▲540 |
| Total liabilities | 175,094 (49.0%) | 171,039 (46.4%) | 149,012 (43.0%) | ▲22,027 | |
| Total net assets | 182,176 (51.0%) | 197,442 (53.6%) | 197,793 (57.0%) | 350 | Valuation difference on available-for-sale securities +867 |
| Total liabilities and net assets | 357,271 (100.0%) | 368,482 (100.0%) | 346,805 (100.0%) | ▲21,676 | |

Outline of P/L March 2020

(Million yen)

| | March 2019 Result | March 2020 | | | |
|----------------------|----------------------|---------------------|--------------|---------------------|----------|
| | | Result | Year-on-year | Plan (2019.4.26) | Progress |
| Sales | 408,143 (100.0%) | 428,939 (100.0%) | 105.1% | 418,000 (100.0%) | 102.6% |
| Gross profit | 60,561 (14.8%) | 60,093 (14.0%) | 99.2% | 62,700 (15.0%) | 95.8% |
| Operating profit | 36,747 (9.0%) | 36,022 (8.4%) | 98.0% | 38,000 (9.1%) | 94.8% |
| Ordinary profit | 39,924 (9.8%) | 38,643 (9.0%) | 96.8% | 40,700 (9.7%) | 94.9% |
| Net profit | 26,691 (6.5%) | 26,245 (6.1%) | 98.3% | 27,200 (6.5%) | 96.5% |
| Net profit per share | ¥375.17 | ¥370.00 | | ¥382.31 | |

Factors of change in OP March 2020

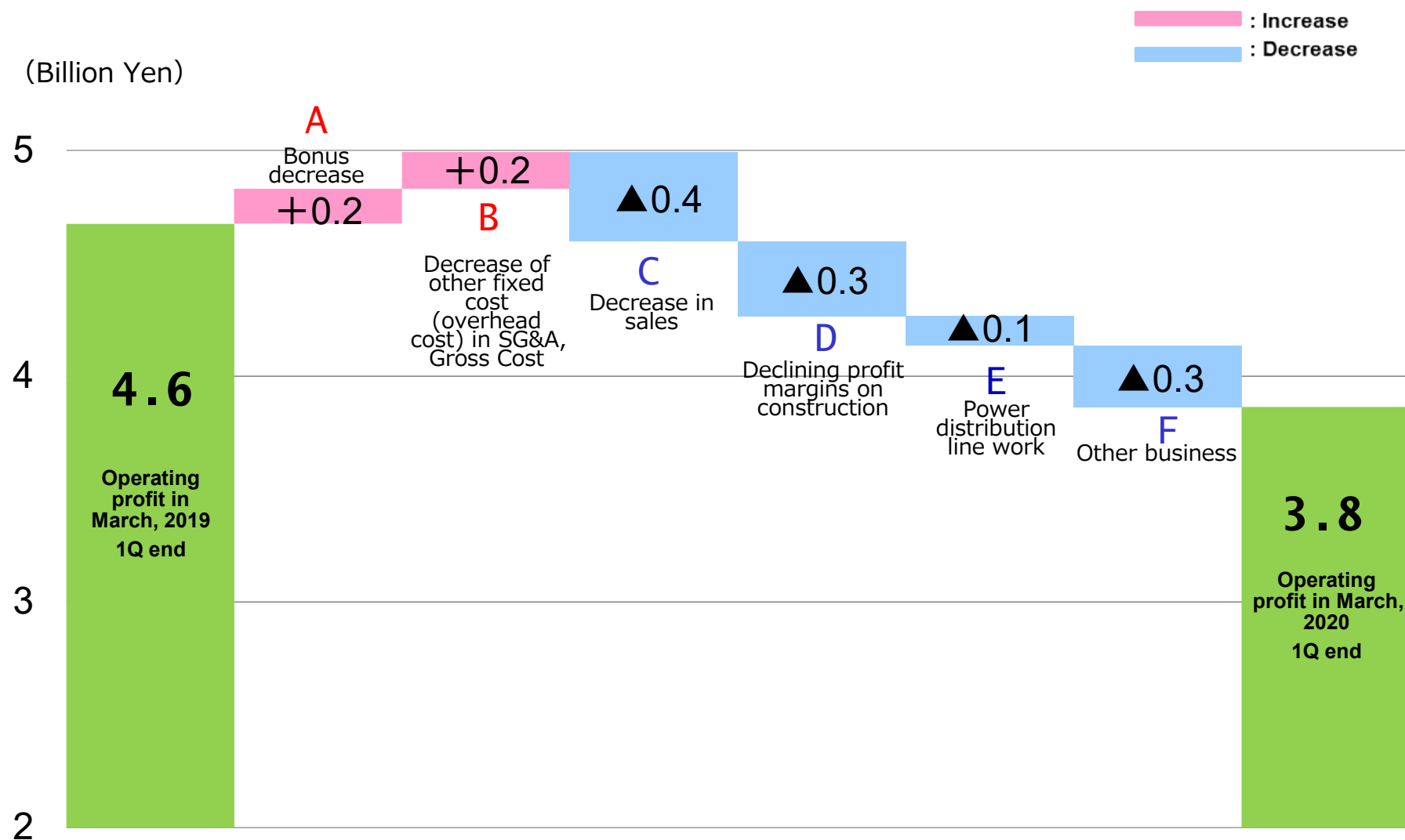


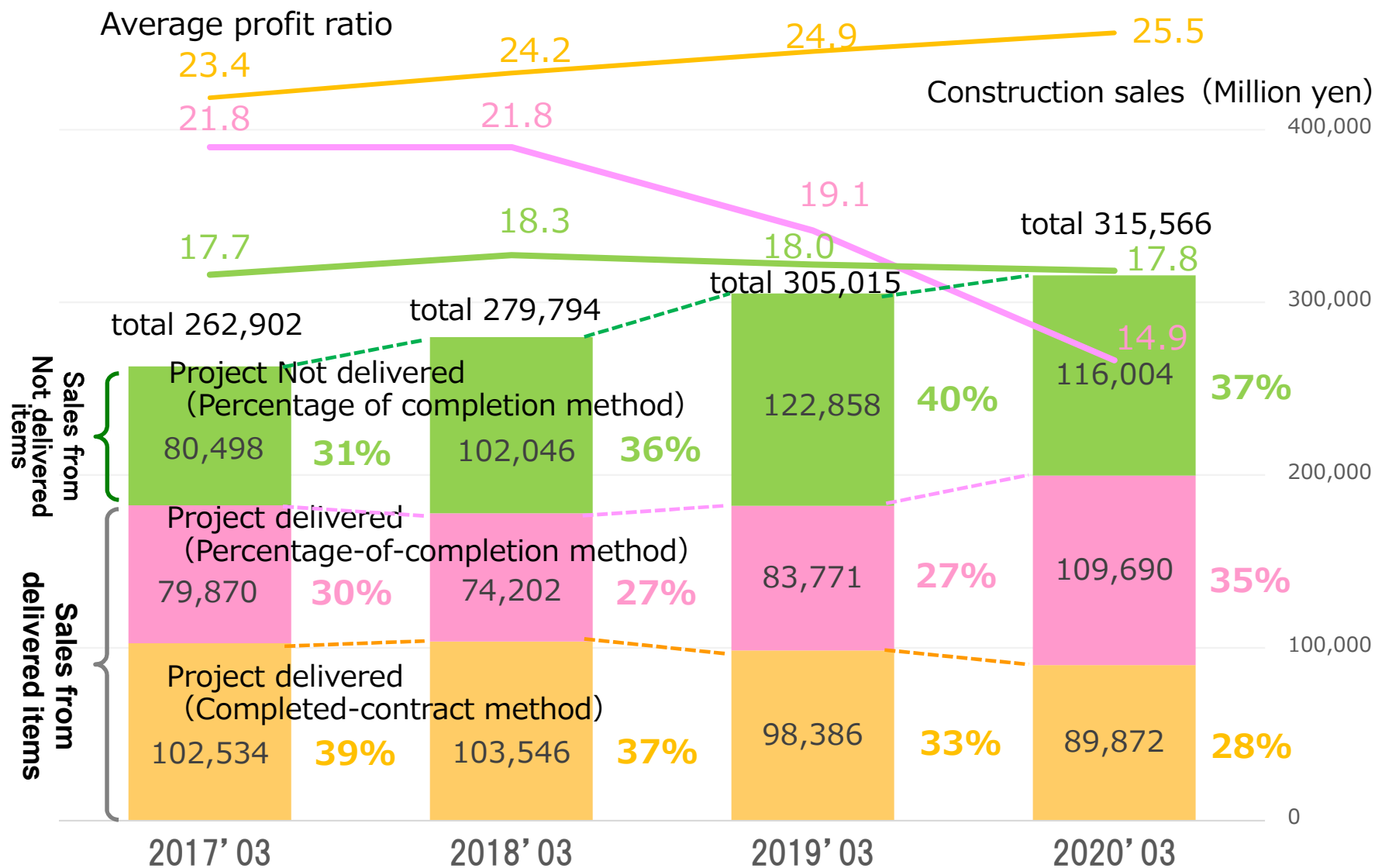
Outline of P/L March 2021, 1st quarter end

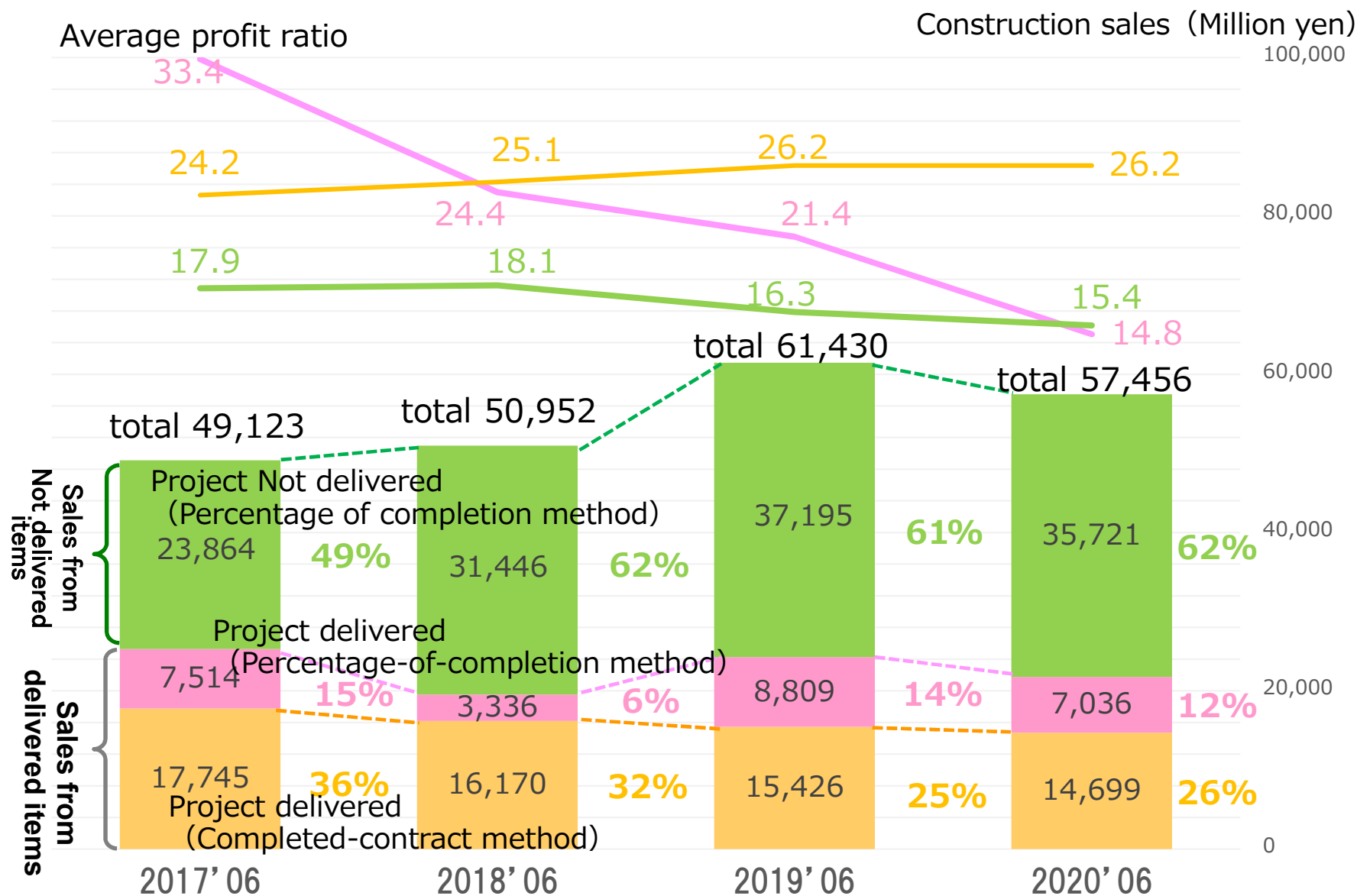
(Million yen)

| | March 2020, 1Qend Result | March 2021, 1Qend Result | Change compared to the same period of the previous year | |
|----------------------|-----------------------------|-----------------------------|--|-------------------|
| | | | Increase /decrease | Rate of change |
| Sales | 83,747 (100.0%) | 79,439 (100.0%) | ▲4,307 | ▲5.1% |
| Gross profit | 10,938 (13.1%) | 9,860 (12.4%) | ▲1,078 | ▲9.9% |
| Operating profit | 4,674 (5.6%) | 3,862 (4.9%) | ▲812 | ▲17.4% |
| Ordinary profit | 5,399 (6.4%) | 4,655 (5.9%) | ▲744 | ▲13.8% |
| Net profit | 3,843 (4.6%) | 3,119 (3.9%) | ▲724 | ▲18.8% |
| Net profit per share | ¥54.03 | ¥44.03 | - | |

Factors of change in OP March 2020, 1st quarter end

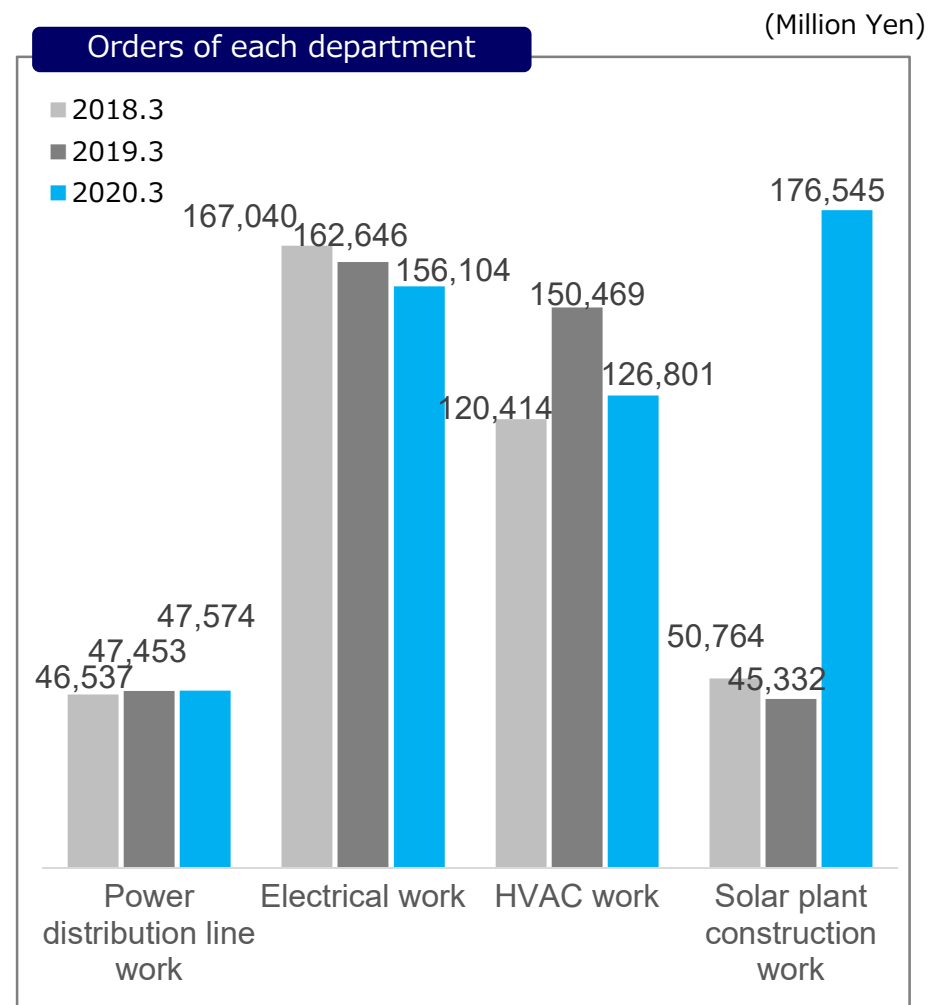
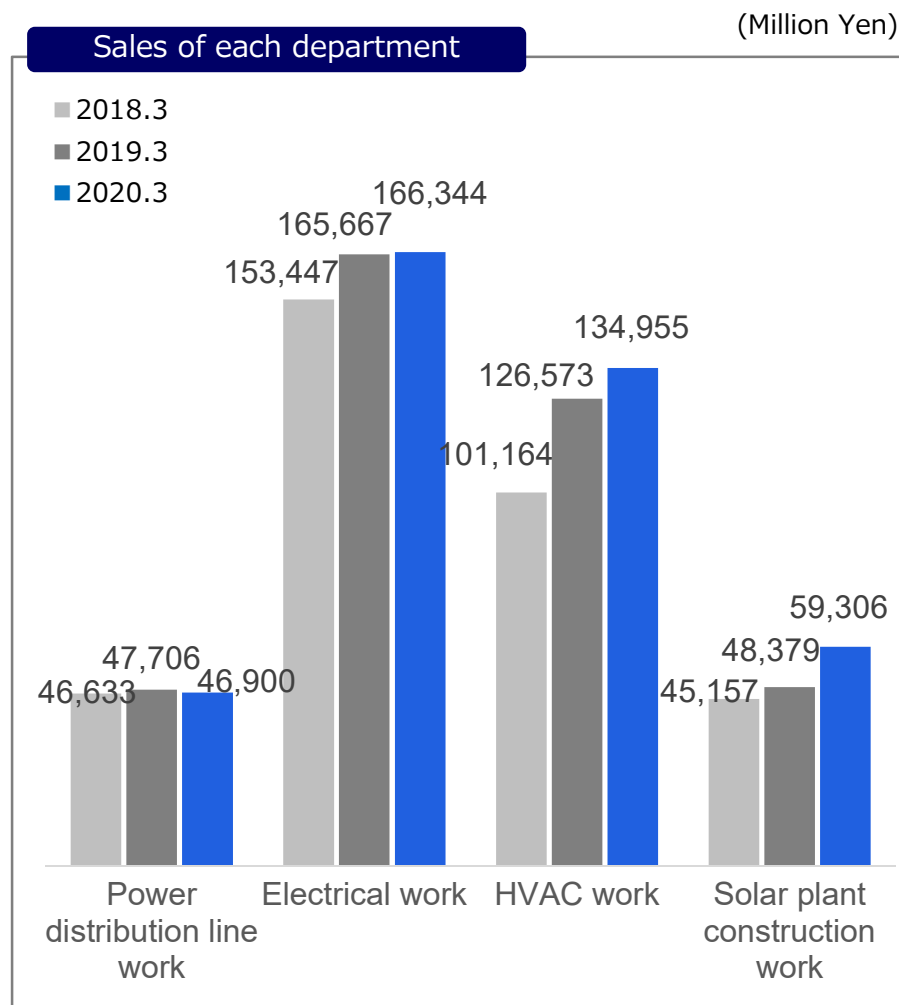




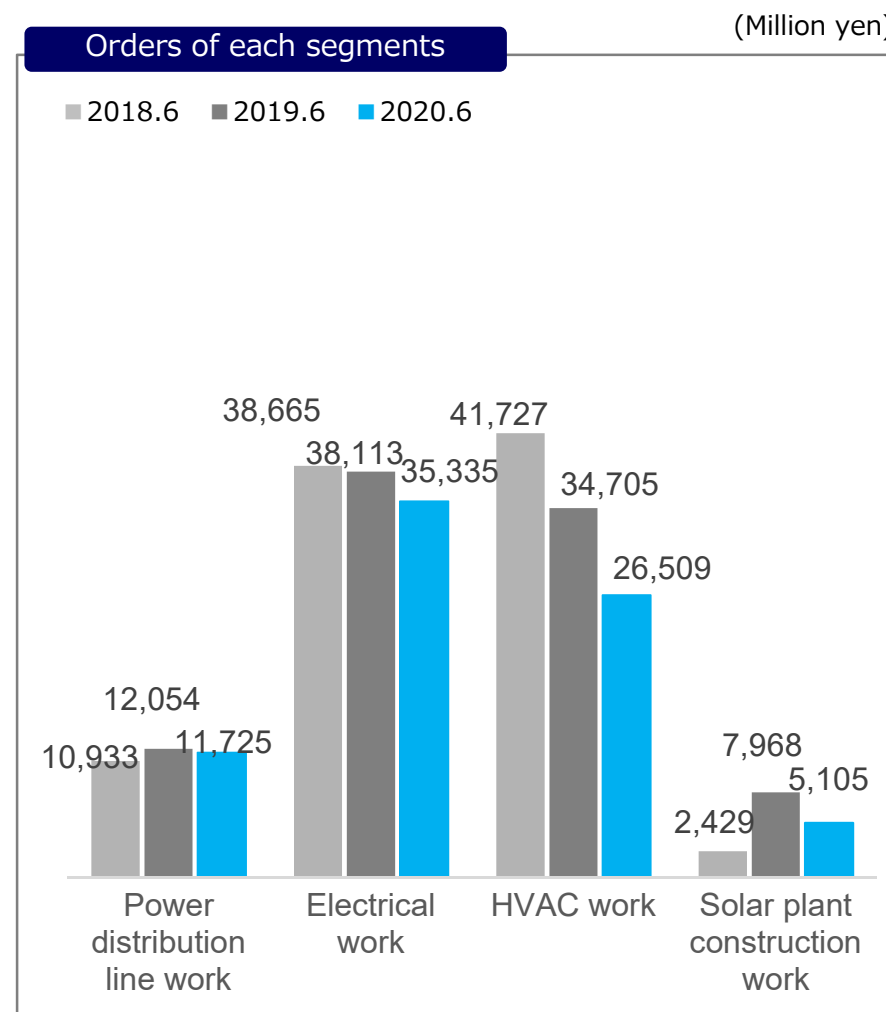
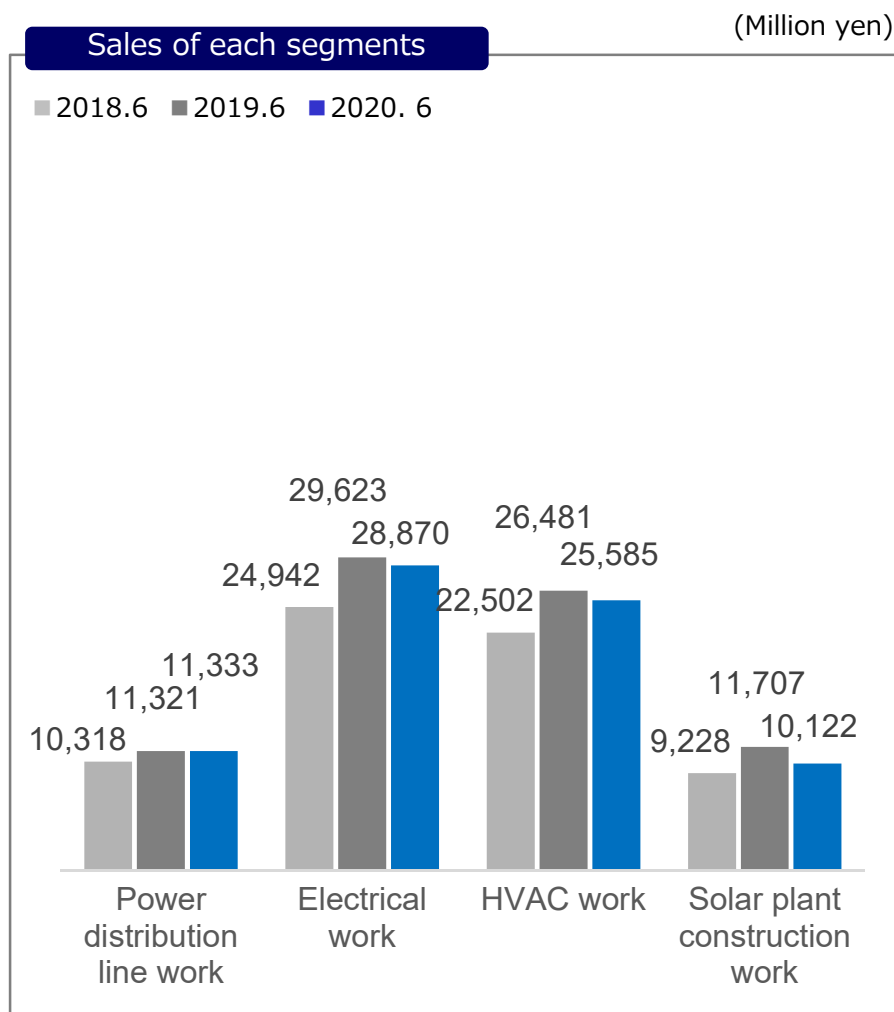


Order received / Sales by department

Mar. 2020 Full year

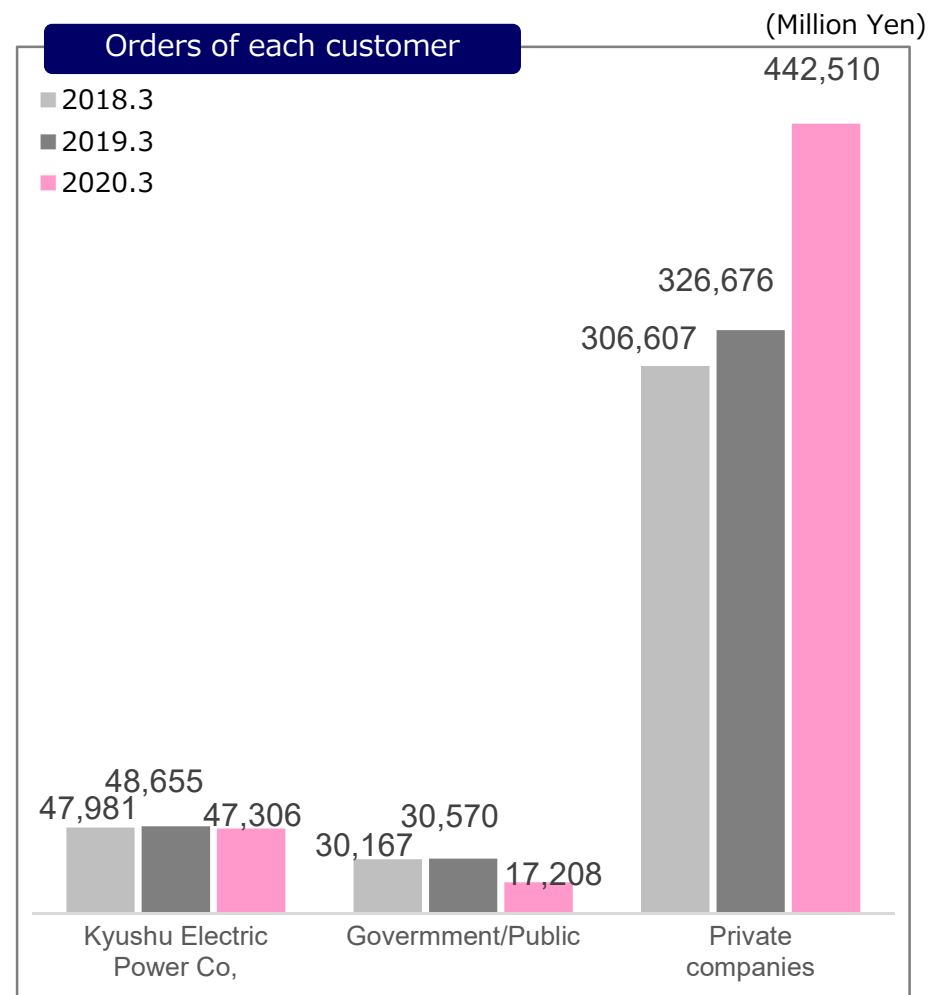
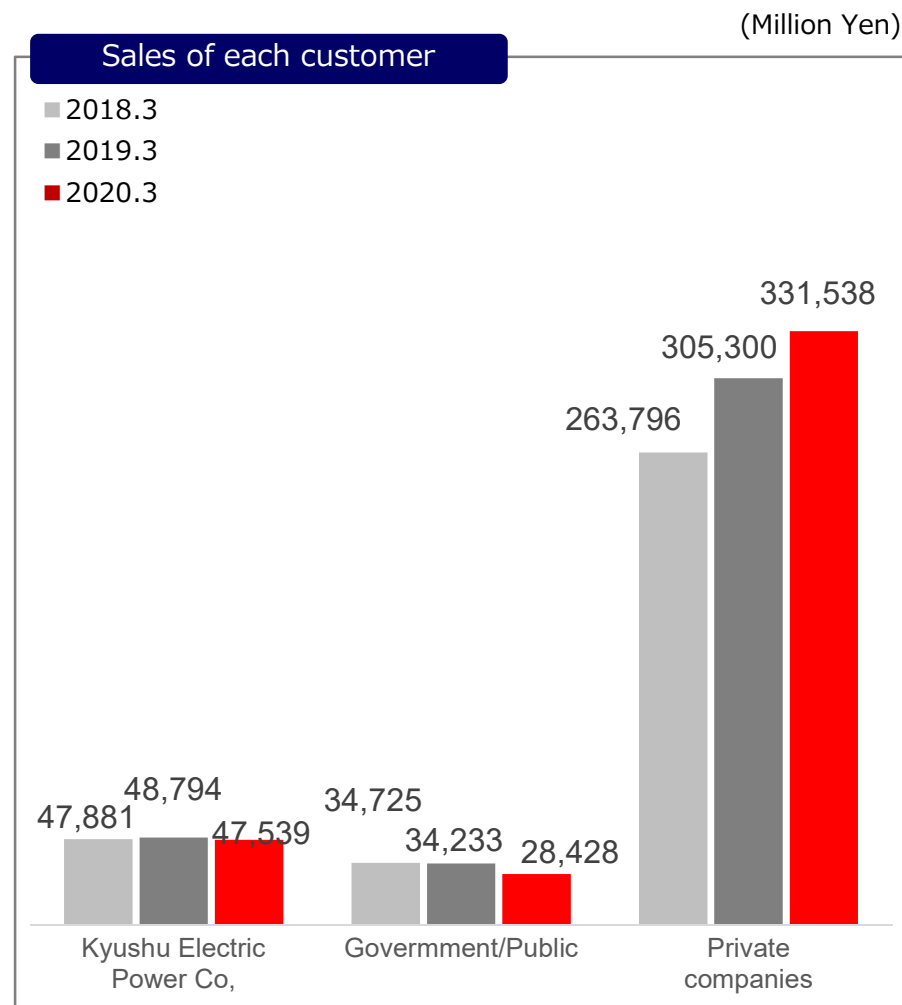


Order received / Sales by department Jun. 2020



Order received / Sales by customer

Mar. 2020 Full year

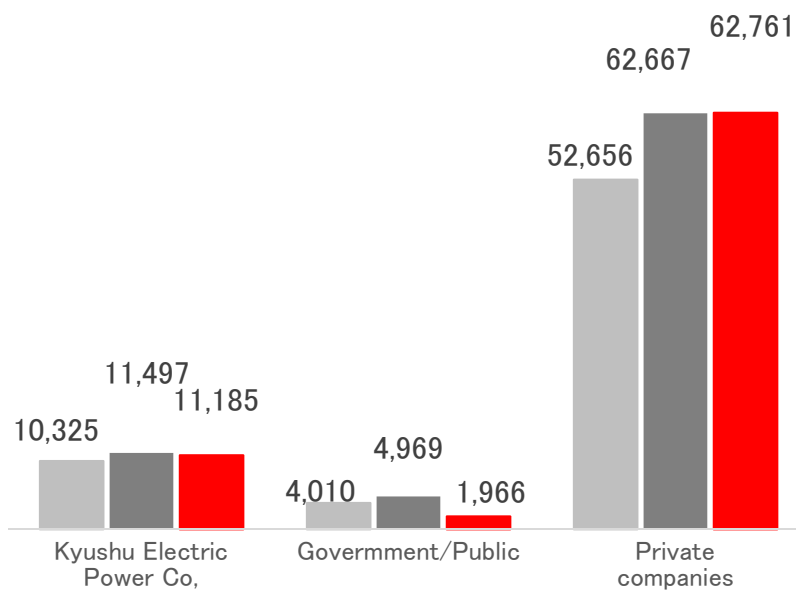


Order received / Sales by customer Jun.2020

Sales of each customer

(Million yen)

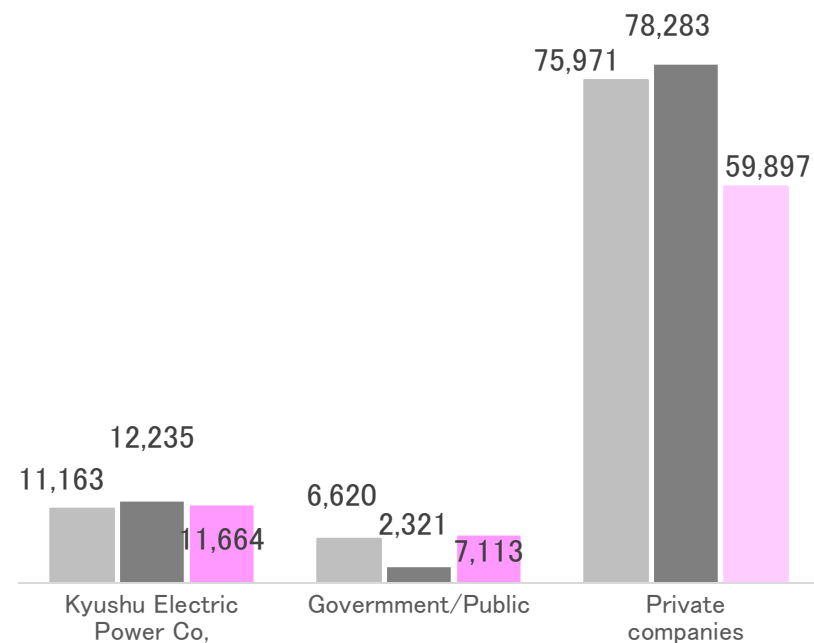
■ 2018.6 ■ 2019.6 ■ 2020.6



Orders of each customer

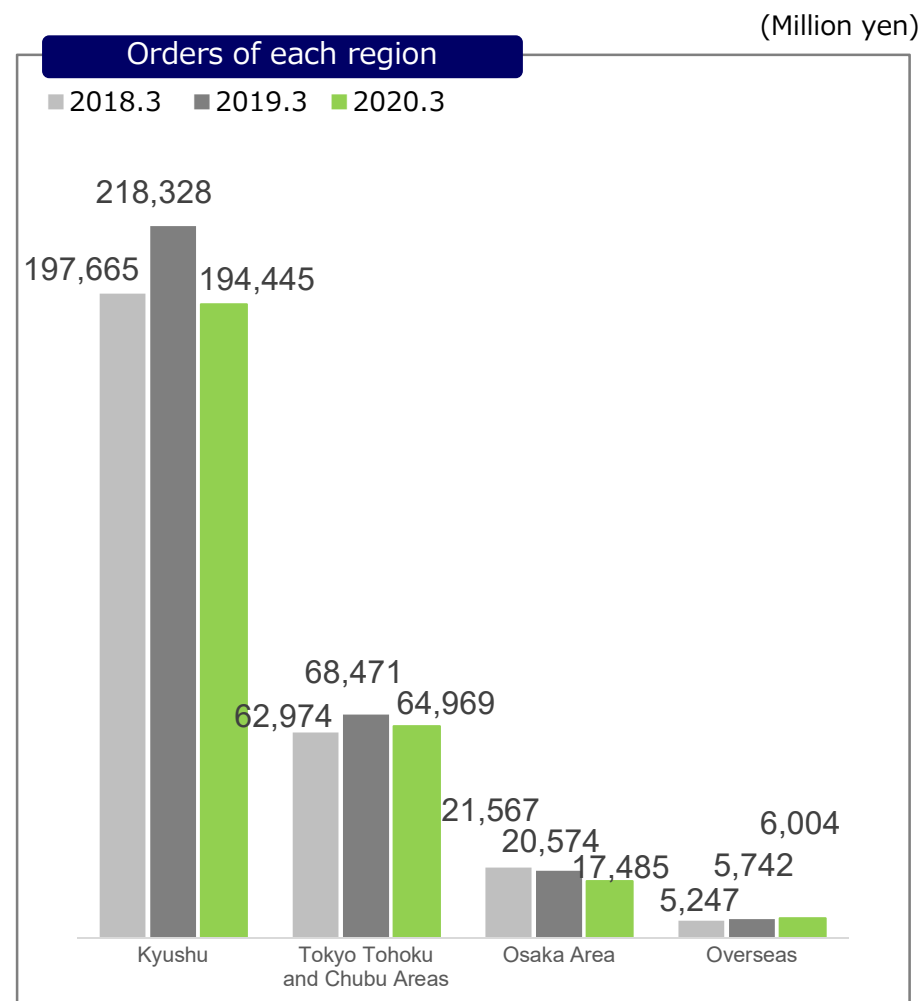
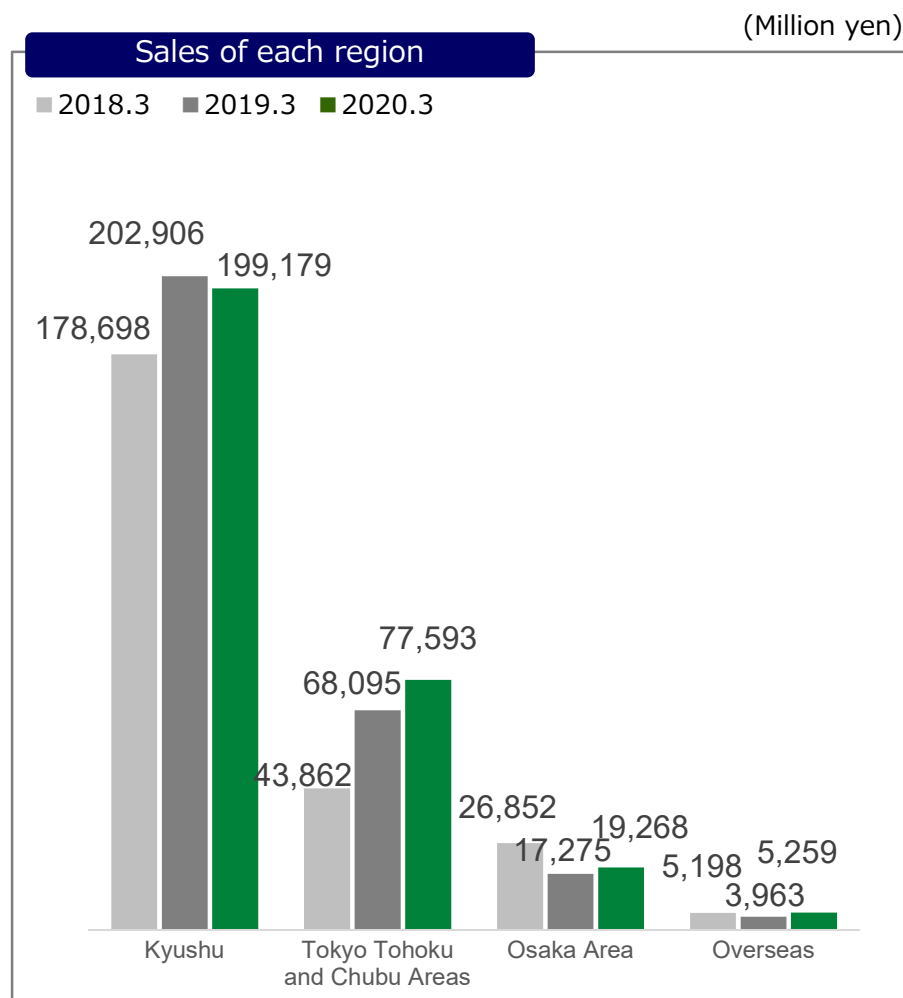
(Million yen)

■ 2018.6 ■ 2019.6 ■ 2020.6



Order received / Sales by region Mar. 2020 Full year

(Electrical & HVAC work excluding Solar plant construction work)

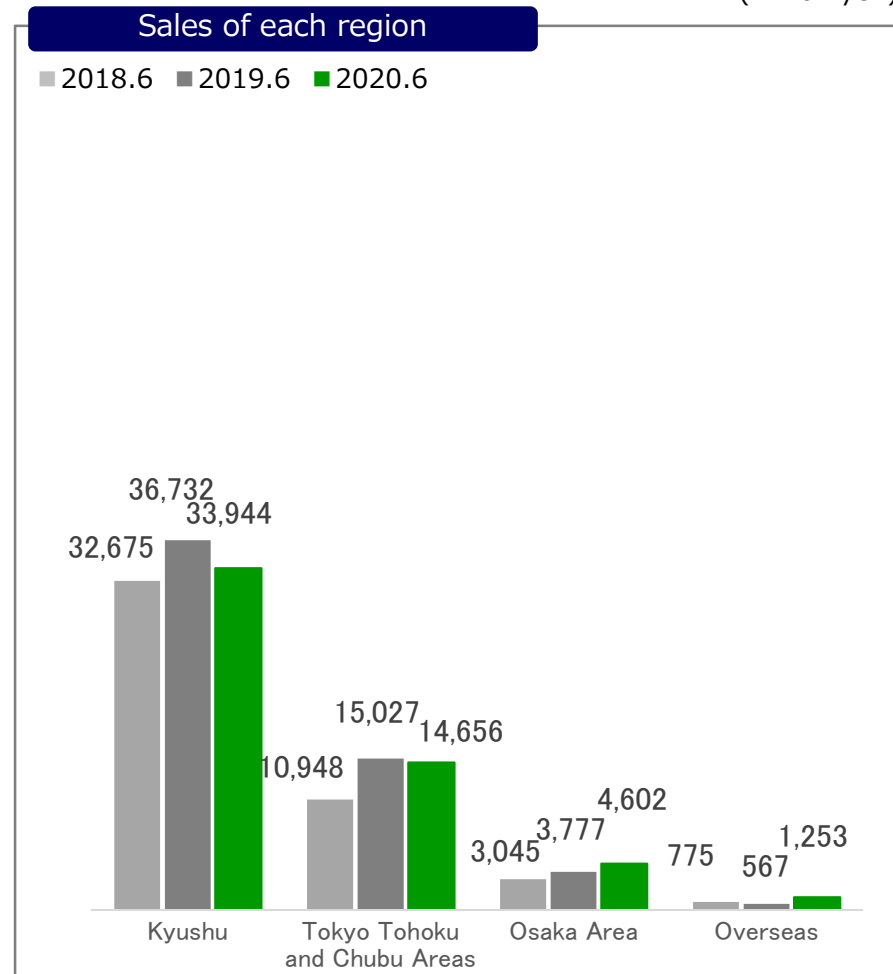


Order received / Sales by region Jun.2020

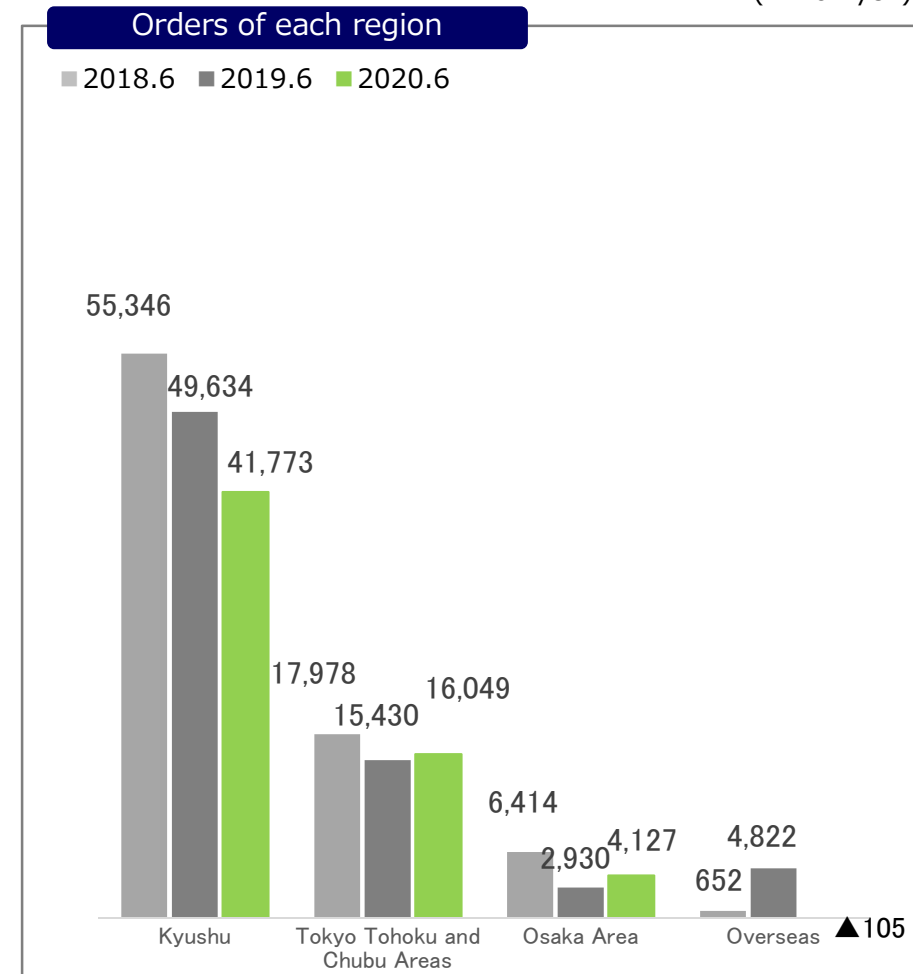
(Electrical & HVAC work excluding Solar plant construction work)



(Million yen)

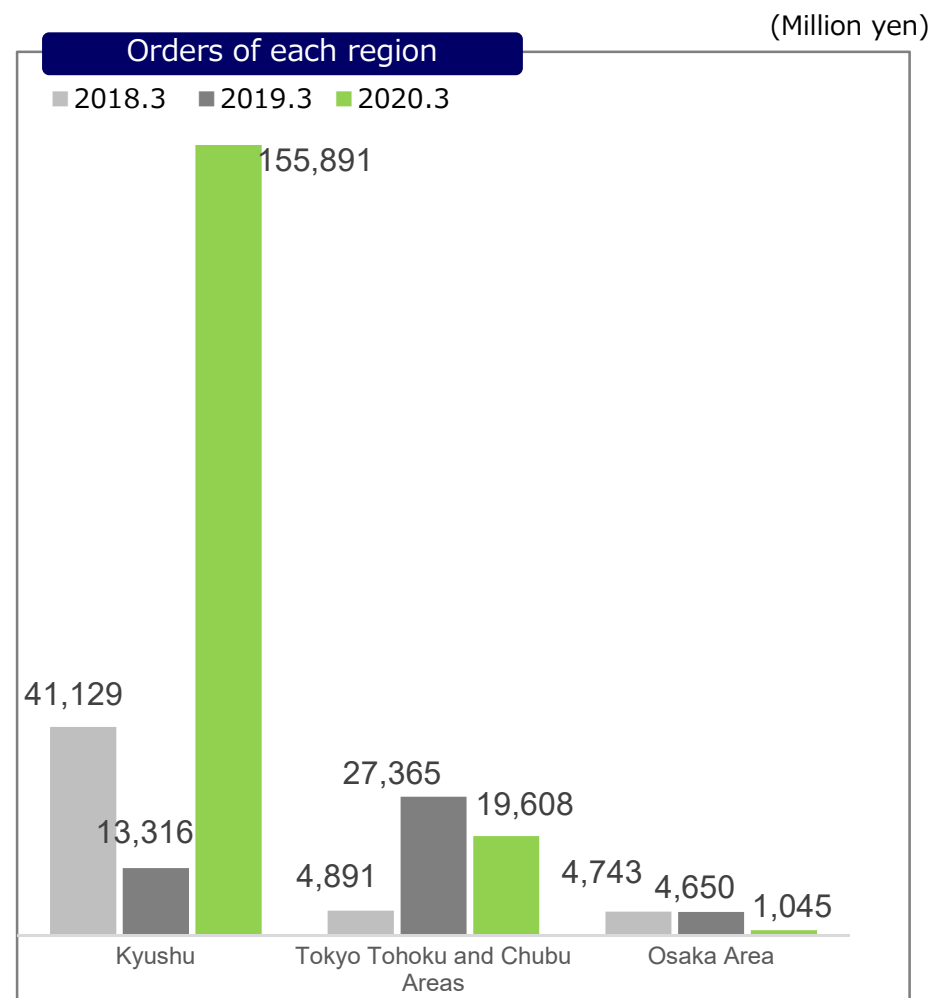
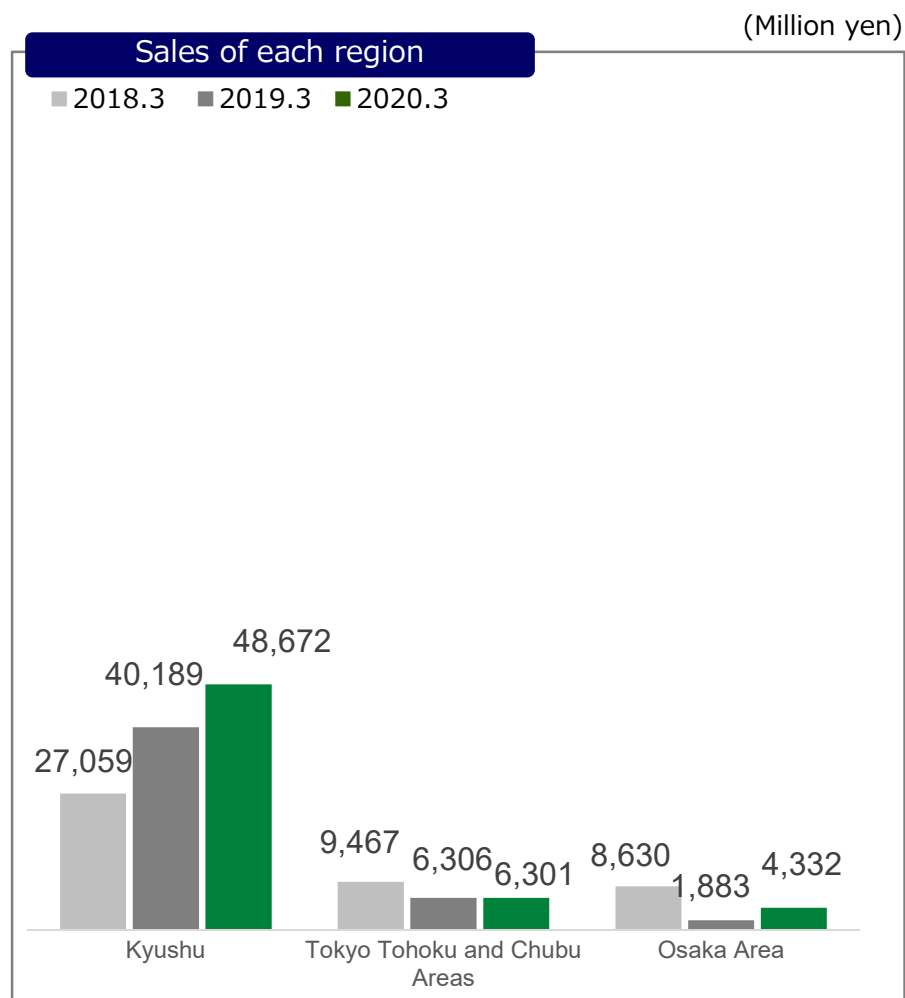


(Million yen)



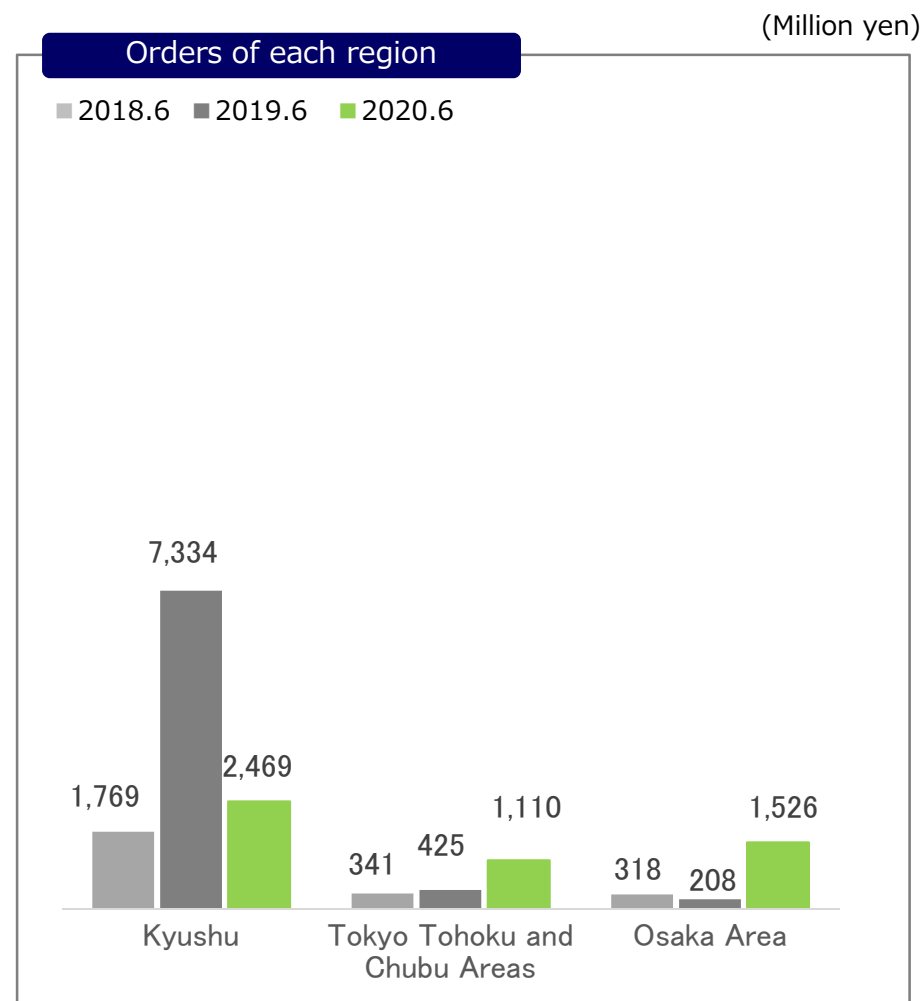
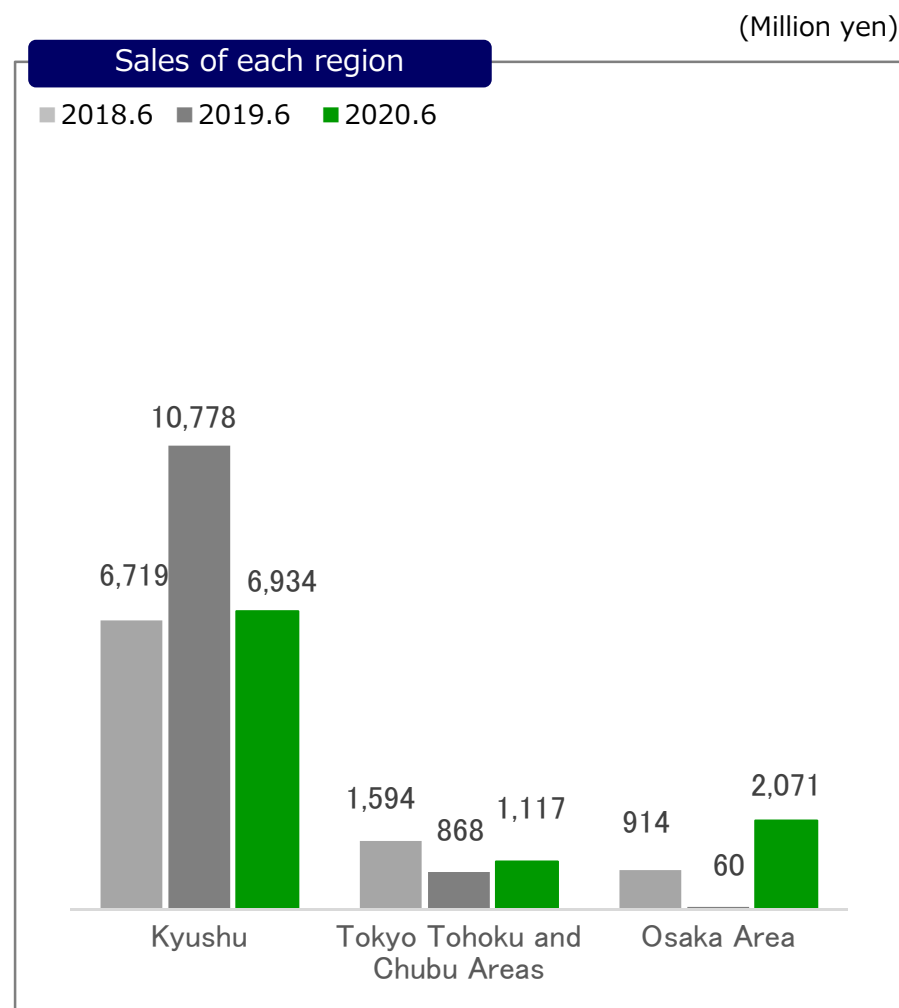
Order received / Sales by region Mar. 2020 Full year

(Solar plant construction work)



Order received / Sales by region Jun.2020

(Solar plant construction work)

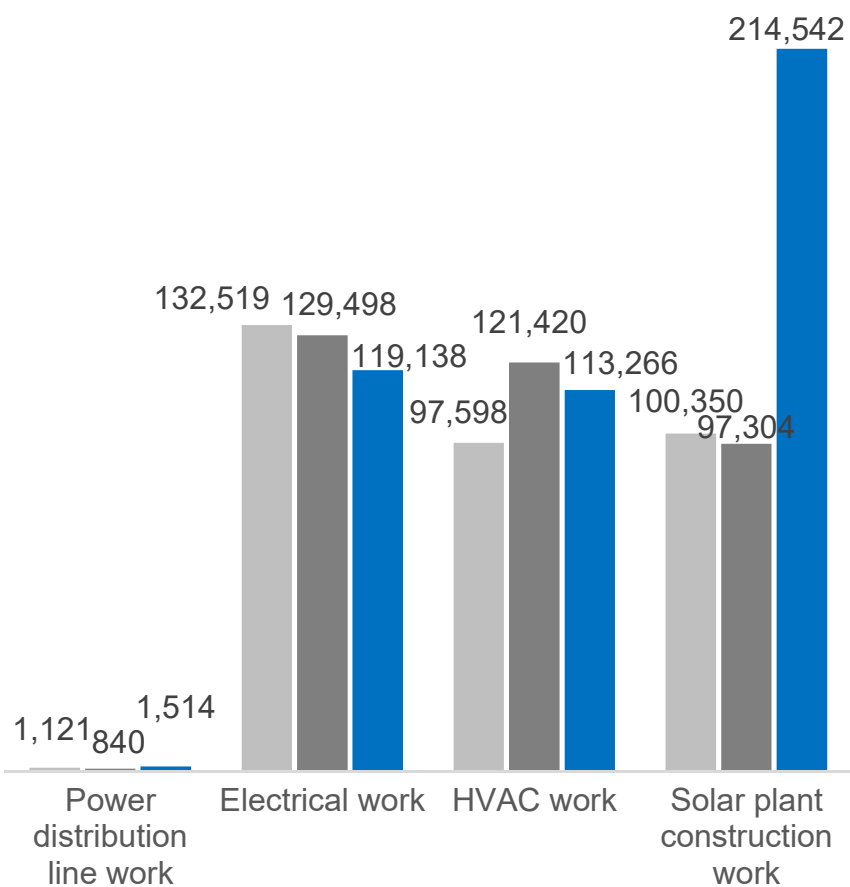


Year-end amount of works on hand

Order stock of each department

(Million yen)

■ 2018.3 ■ 2019.3 ■ 2020.3



New orders in FY ended March 2020

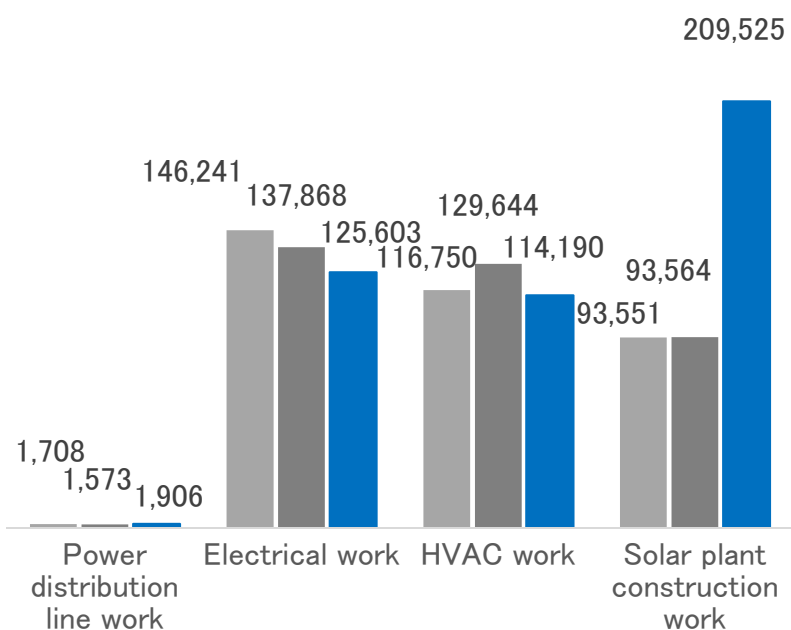


Situation of order stock Jun.2020

Order stock of each segments

(百万円)

■ 2018.6 ■ 2019.6 ■ 2020.6



New orders in FY ended Jun.2020



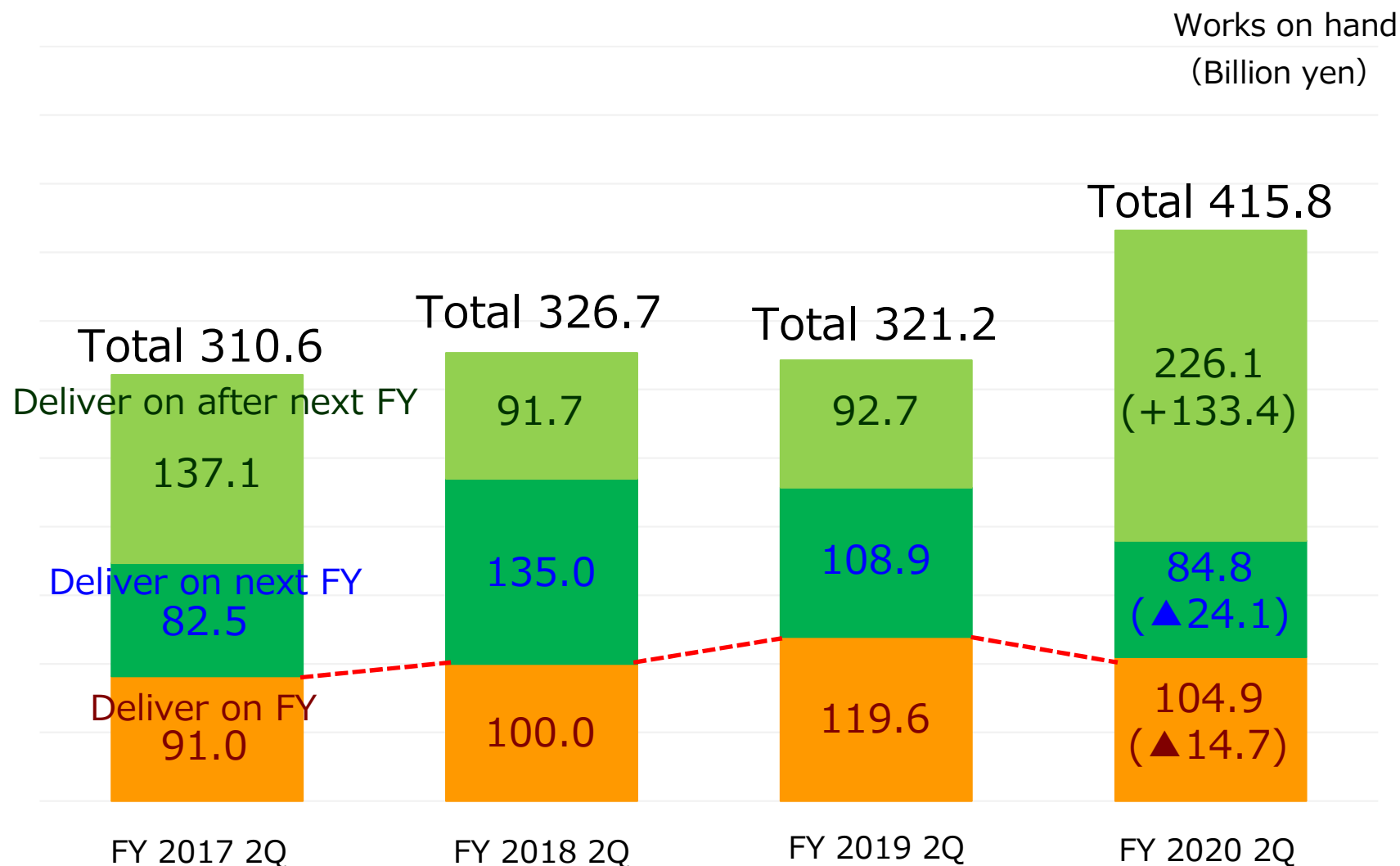
Plan for March 2021

(Million yen)

| | March 2020 Result | Plan for March 2021 | |
|------------------------------|----------------------|---------------------|--------------|
| | | March 2021 | Year-on-Year |
| Sales | 428,939 (100.0%) | 413,000 (100.0%) | 96.3% |
| Gross profit | 60,093 (14.0%) | 56,400 (13.7%) | 93.9% |
| Operating profit | 36,022 (8.4%) | 32,000 (7.7%) | 88.8% |
| Ordinary profit | 38,643 (9.0%) | 34,000 (8.2%) | 88.0% |
| Current (quarter) net profit | 26,245 (6.1%) | 22,500 (5.4%) | 85.7% |
| Current net profit per stock | ¥370.00 | ¥317.59 | |
| Dividends | 100円 Interim ¥50 | ¥100 Interim ¥50 | |

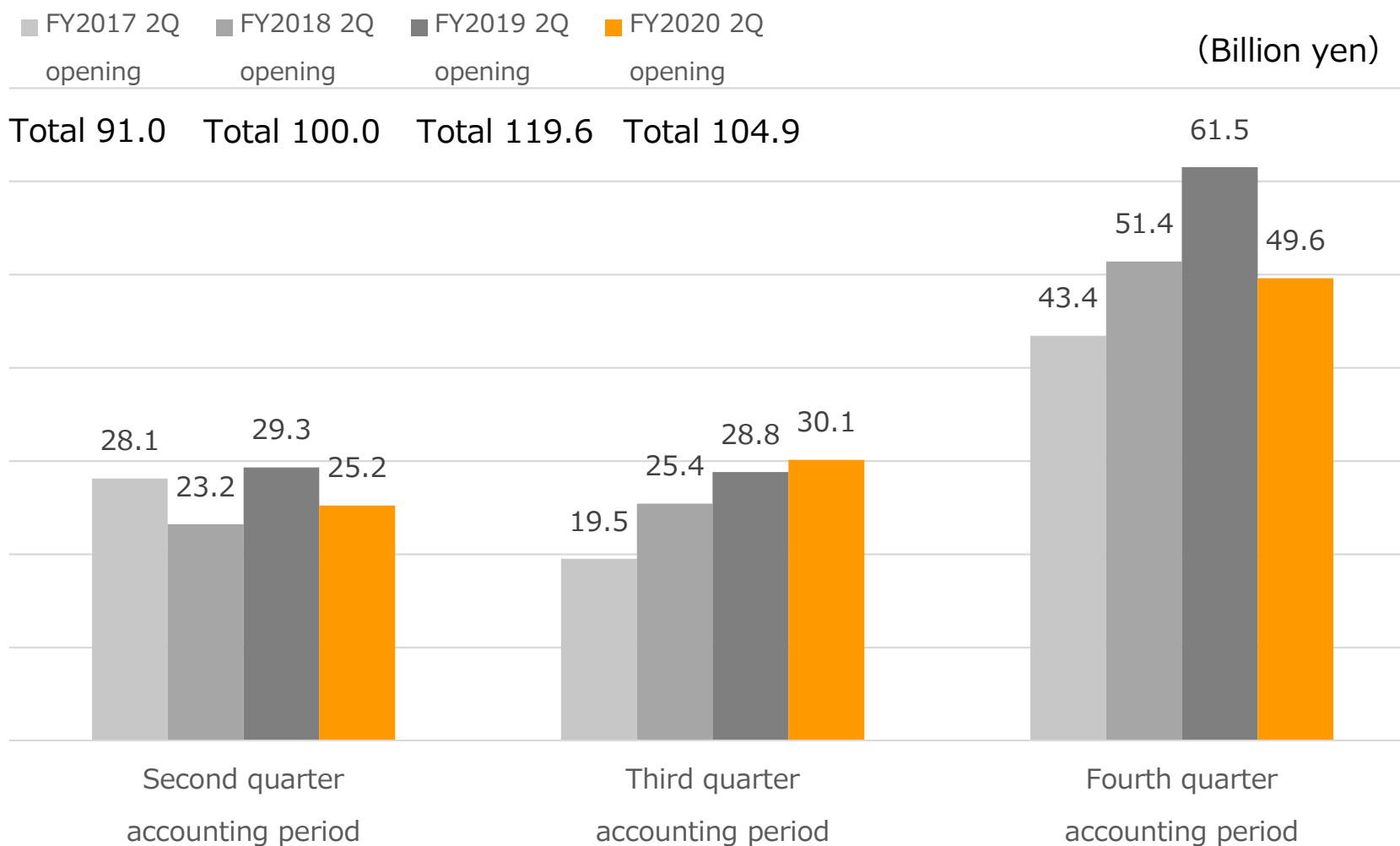
Analysis of works on hand (Kyudenko individual : excluding power distribution work)

(Second quarter opening construction works on hand by delivery schedule timing)



【Reference】 Scheduled delivery amount by quarterly accounting period [Second quarter opening time]
(Kyudenko individual : excluding power distribution work)

Second quarter opening construction works on hand of quarterly accounting period
Scheduled delivery amount

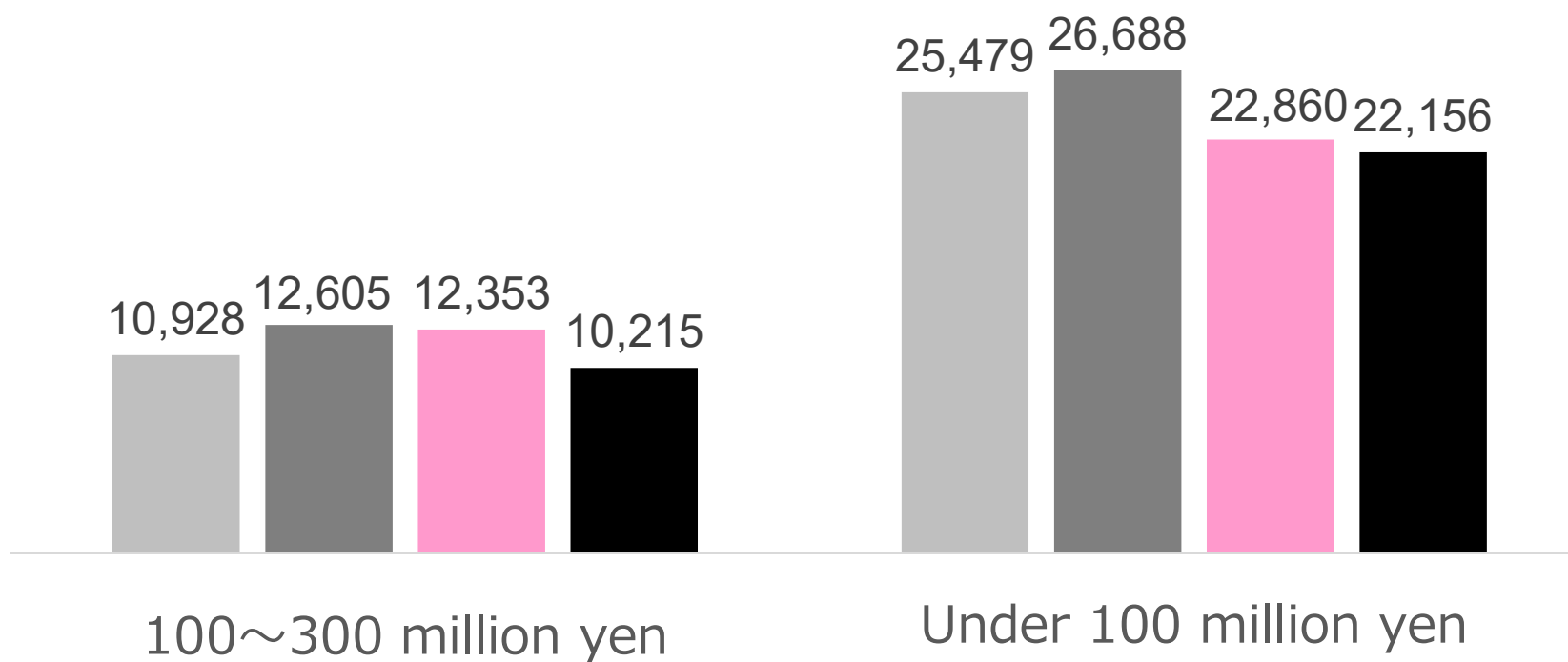


Analysis by scale of order

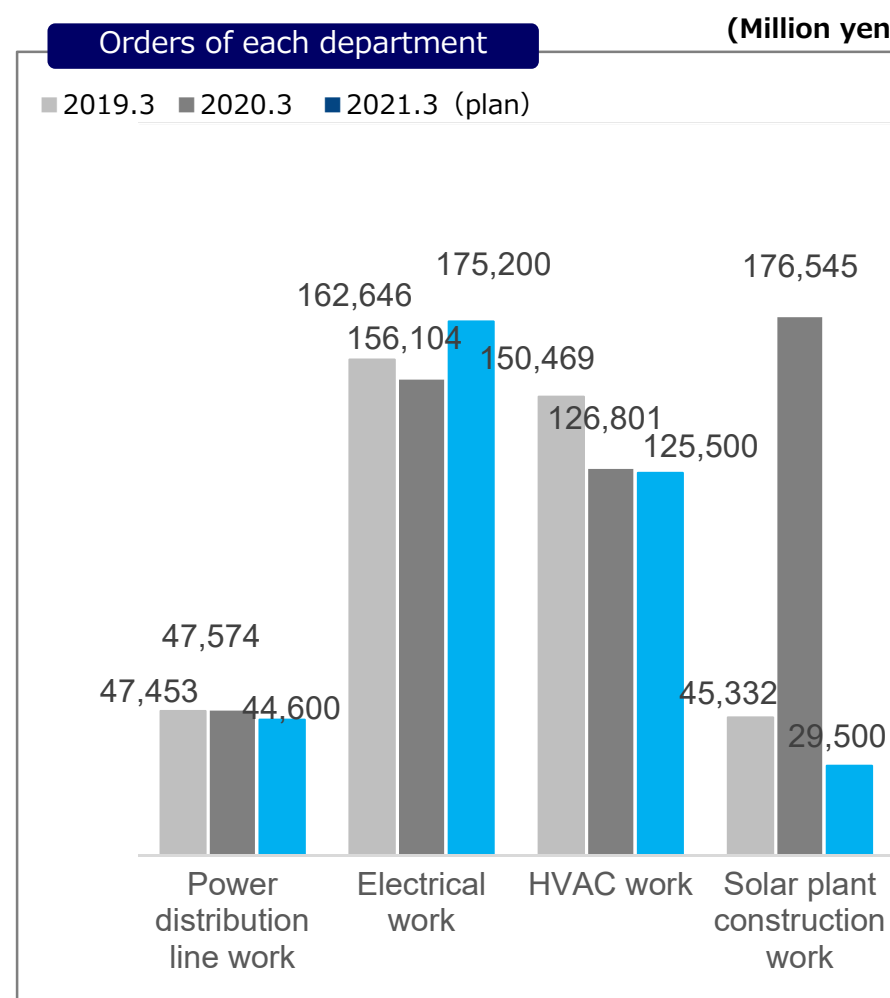
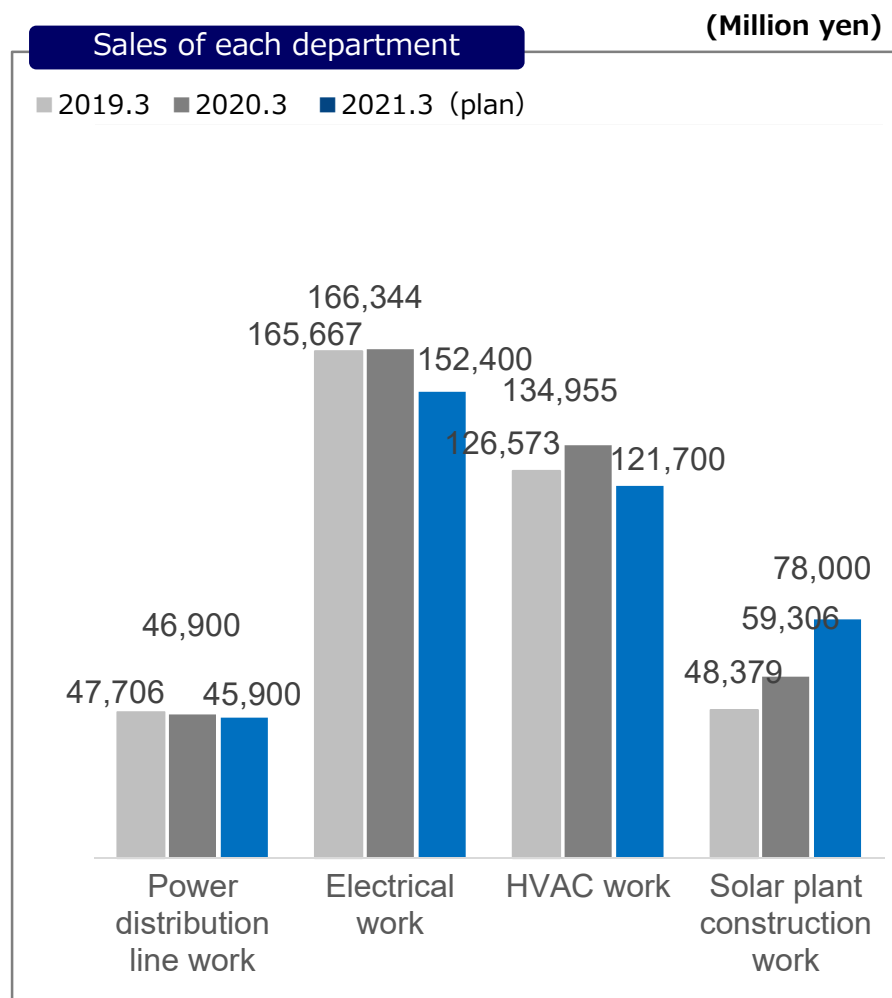
(Kyudenko individual : excluding power distribution work)

(Million yen)

■ 2017.6 ■ 2018.6 ■ 2019.6 ■ 2020.6

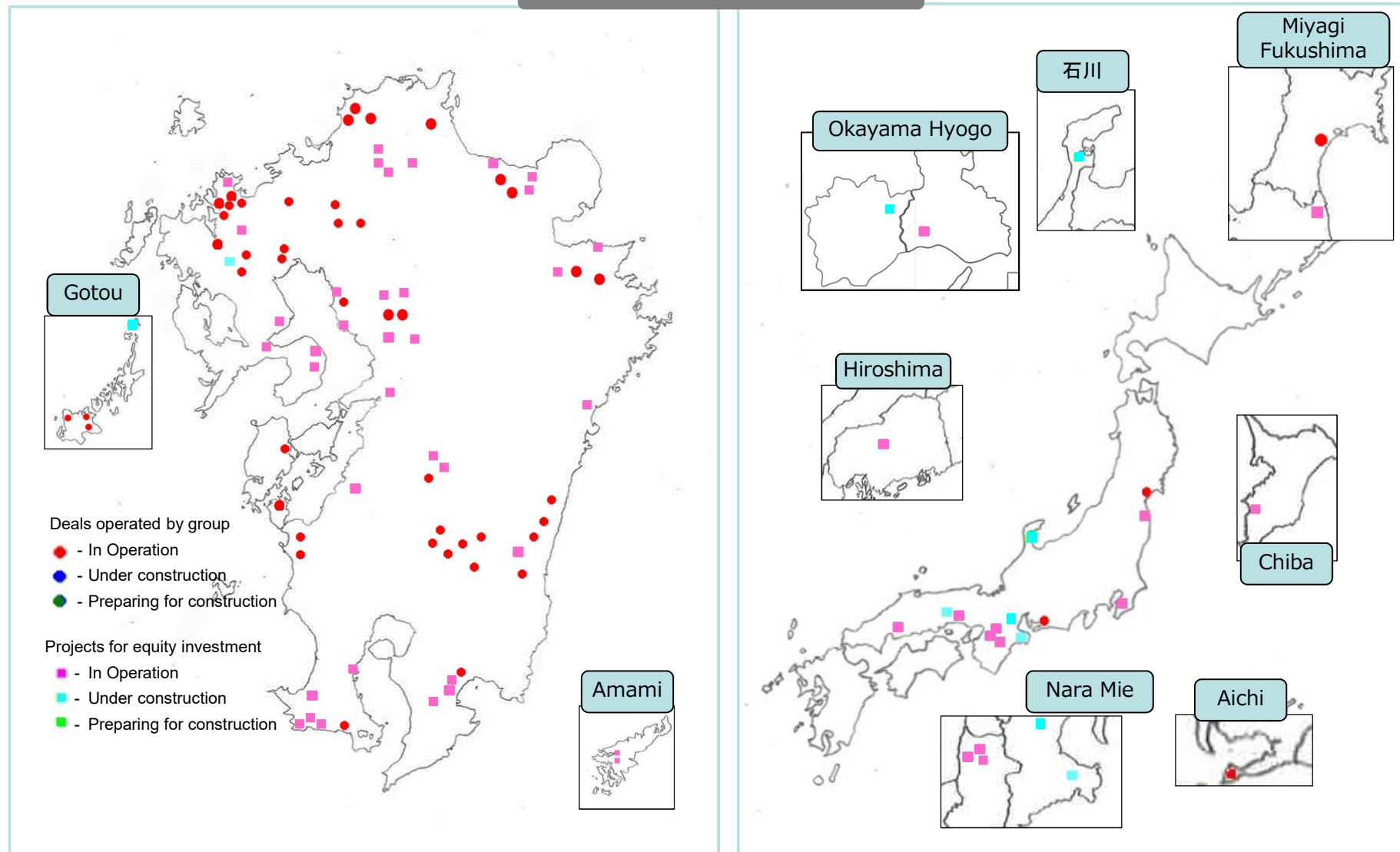


Orders & Sales plan by department



Investment in Power Operations (Solar Power Plants)

Mega solar power plant



Investment in Power Operations (Solar Power Plants)

Deals operated by group

(make capital investment and record the entire operation to other operations sales)

Depreciated at the declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In operation | 49 | 92MW | 87MW |
| Under construction | - | - | - |
| Plan | - | - | - |
| Total | 49 | 92MW | 87MW |

2.0 to 2.4 billion yen at its maximum

Deals through investment in equity

(acquire investment securities and record an amount equal to the equity to non-operating revenues)

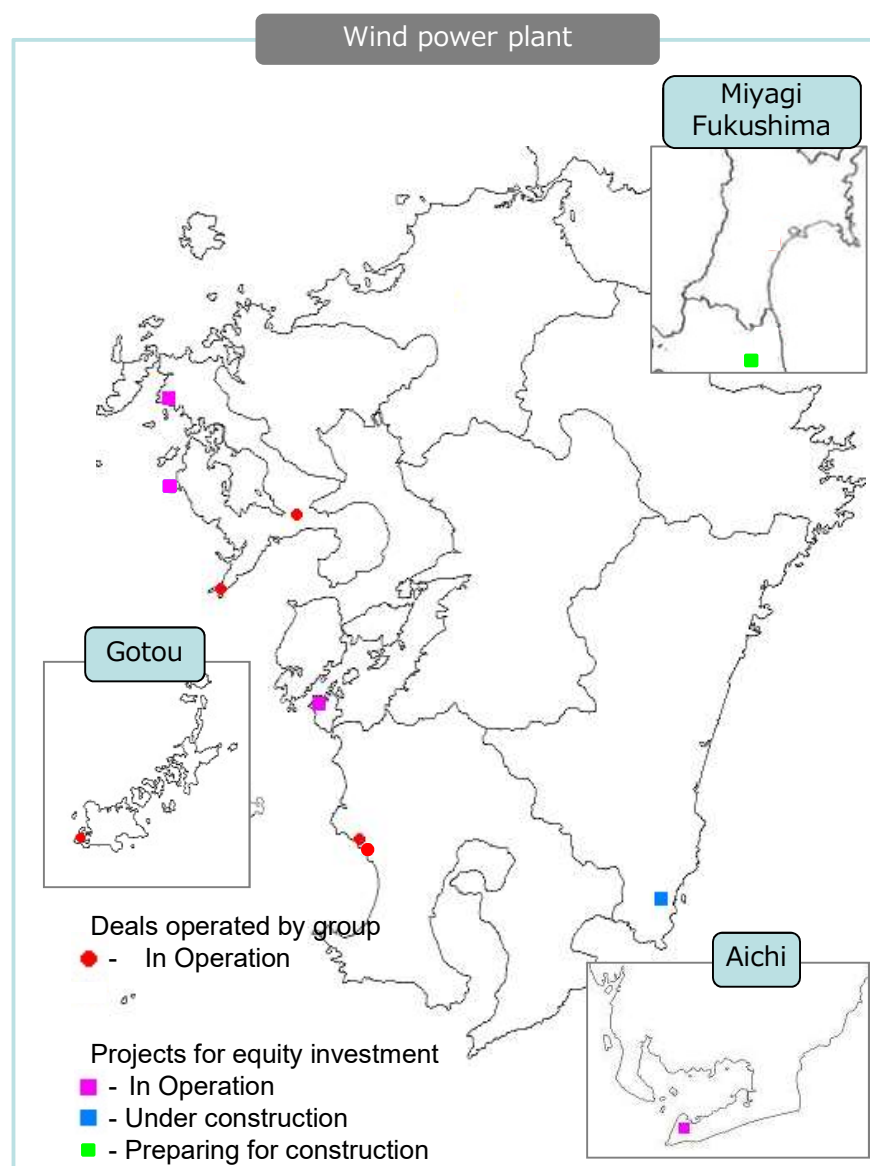
Depreciated at the straight line method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In operation | 48 | 530MW | 147MW |
| Under construction | 6 | 697MW | 144MW |
| Plan | - | - | - |
| Total | 54 | 1,227MW | 291MW |

1.8 to 2.0 billion yen at its maximum

From April to June, a total of 40 controls on output were issued by Kyushu Electric Power Company. The average number of controls at our power plants was 12. The total amount of lost profits for the group was about 347.0million yen.

Investment in Power Operations (Wind Power Plants)



Deals operated by group

(make capital investment and record the entire operation to other operations sales)

Depreciated at the Mainly declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In Operation | 5 | 38MW | 38MW |
| Under construction | - | - | - |
| Plan | - | - | - |
| Total | 5 | 38MW | 38MW |

Deals through investment in equity

(acquire investment securities and record an amount equal to the equity to non-operating revenues)

Depreciated at the Mainly declining balance method

| | Number of power plants | Generation capacity (the entire operation) | Generation capacity (that equal to the equity) |
|--------------------|------------------------|--|--|
| In Operation | 4 | 80MW | 18MW |
| Under construction | 1 | 65MW | 32MW |
| Plan | 1 | 15MW | 3MW |
| Total | 6 | 160MW | 53MW |

Mid-term management plan

Main theme

Establish a management foundation for sustainable growth
～Realization of the three reforms～

Numerical target

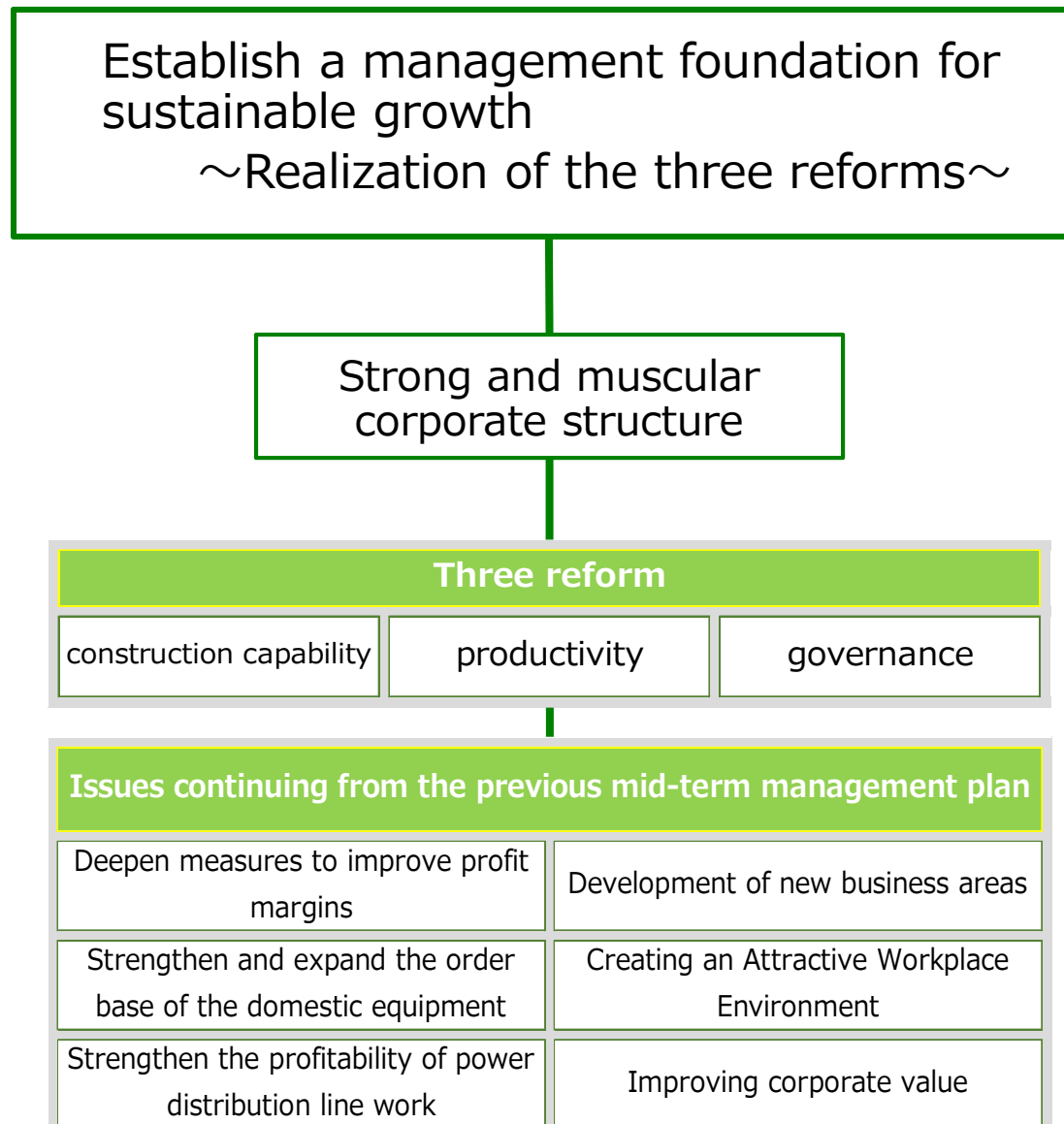
Final year (Mar.2024)

| | |
|-----------------------------------|---|
| Sales | 500 billion yen |
| Ordinary profit margin | 50 billion yen Over 10.0 % |
| ROI C | Over 10.0 % |

(Breakdown of construction sales)

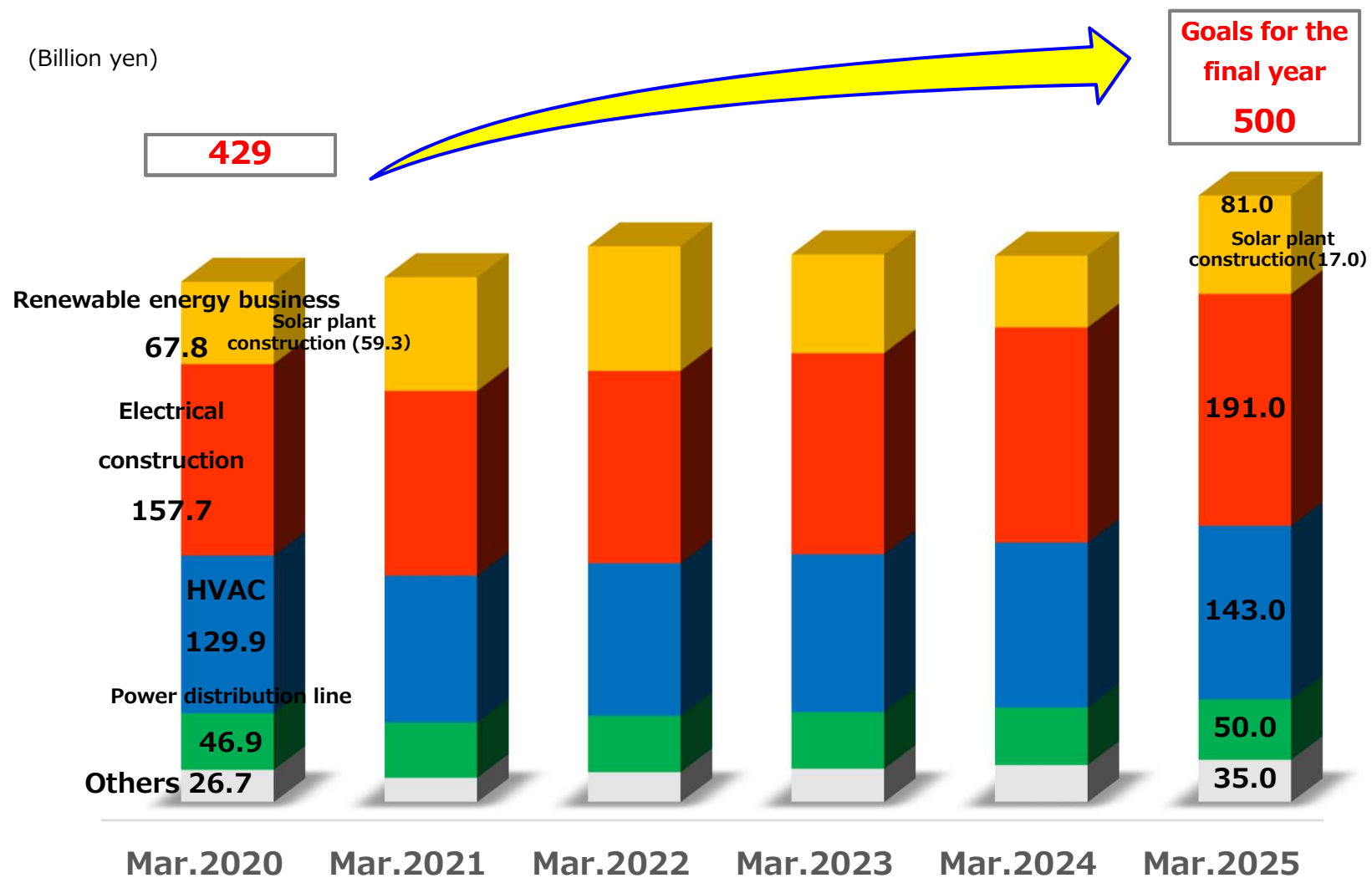
| | |
|--------------------------------|-----------------|
| Power distribution line work | 50 billion yen |
| Electrical·HVAC work | 334 billion yen |
| Renewable Energy Business,etc. | 81 billion yen |
| Other business | 35 billion yen |

※ROIC is used as an accurate measure of a company's capital efficiency.



Road map of sales plan
























(Billion yen)



The period of the new mid-term management plan(2020—2024)

New mid-term management plan(2020~2024) (Relevance to the SDGs)

We will steadily advance the initiatives set forth in the Medium-Term Management Plan and contribute to the realization of the SDGs, which have a high degree of affinity with the businesses of the Group, through our business activities.

| Specific Initiatives in the Mid-Term Management Plan | key issue | SDGs |
|---|---|---|
| <ul style="list-style-type: none"> ○Strengthen initiatives for concessions, PPP and PFI businesses (Participation in waterworks, waste treatment plants, airports/ports, public facilities, etc.) ○Develop new business areas (real estate, agricultural revitalization, etc.) | 1) Promotion of Environmentally Conscious Town Planning |      |
| <ul style="list-style-type: none"> ○Expansion of the renewable energy power generation business ○Expand energy services (ES) business ○Strengthening of Kyudenko EMS Business (Indonesian) | 2) Enhancement of energy-saving and energy-creating technologies |       |
| <ul style="list-style-type: none"> ○Maintain a stable power supply through the construction of power distribution lines ○Increased productivity ○Promotion of research and development of advanced technologies and IT (promotion of labor saving and rationalization) ○Eliminate significant work-related injuries | 3) Ensuring construction quality and safety |    |
| <ul style="list-style-type: none"> ○Strengthen recruitment of engineers (diversify recruitment) ○Reconstruct a development plan that leads to dreams, a sense of achievement, and confidence ○Development of executives and next-generation leaders | 4) Continue stable recruitment and promote human resource development |   |
| <ul style="list-style-type: none"> ○Reduce the turnover rate of young engineers ○Securing holidays and reducing overtime work through thorough work style reforms ○Promoting Diversity | 5) Creating a challenging and rewarding work environment |      |
| <ul style="list-style-type: none"> ○Implement measures to prevent recurrence of fraud ○Strengthening and Thoroughly Implementing a Governance System Based on the Kyudenko Corporate Governance Guidelines | 6) Strengthening and implementing compliance management |   |

Actual results of recruitment of human resources (Kyudenko individual) and workforce planning

《 Actual results of periodic recruitment of engineers and skilled persons 》

| | 2007~2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|------------|------|------|------|------|------|------|
| Total engineers and skilled persons | Around 200 | 241 | 262 | 344 | 384 | 342 | 336 |
| High school graduates | Around 150 | 163 | 177 | 248 | 271 | 253 | 253 |
| University graduates | Around 50 | 78 | 85 | 96 | 113 | 89 | 83 |

《 Comparison in actual results of recruitment for April 2020 with other companies 》

| | Kyudenko | Large electrical construction companies | Large HVAC companies | Super general constructors |
|--------------------------|----------|---|----------------------|----------------------------|
| Total in all professions | 356 | 330~360 | 70~100 | 250~350 |
| High school graduates | 253 | Around 200 | Around 10 | Around 10 |
| University graduates | 103 | 100~160 | 70~100 | 250~320 |

《 Planned year-end workforce until FY2025 March 》

| | Mar. 2020 | Mar. 2021 | Mar. 2022 | Mar. 2023 | Mar. 2024 | Mar. 2025 | Increase or decrease in plan |
|---|-----------|-----------|-----------|-----------|-----------|-----------|------------------------------|
| Electrical work department | 2,274 | 2,340 | 2,475 | 2,599 | 2,750 | 2,893 | About+550 |
| HVAC work department | 1,138 | 1,192 | 1,269 | 1,355 | 1,435 | 1,517 | About+320 |
| Year-end workforce of electrical and HVAC | 3,411 | 3,532 | 3,744 | 3,954 | 4,185 | 4,410 | About+870 |
| Power distribution line department | 1,642 | 1,612 | 1,618 | 1,632 | 1,641 | 1,666 | About+50 |
| Other | 1,446 | 1,417 | 1,407 | 1,402 | 1,397 | 1,408 | |
| Employees of single Kyudenko | 6,500 | 6,561 | 6,769 | 6,988 | 7,223 | 7,484 | About+900 |
| Employees of group | 10,018 | | | | | 12,000 | About+2,000 |

Total 8,100 employees in technical field of total 10,000

(Kyudenko)

(Subsidiaries)

Number of site technicians

About 2,100

+

About 2,000

=

About 4,100

Number of construction managers

About 3,000

+

About 1,000

=

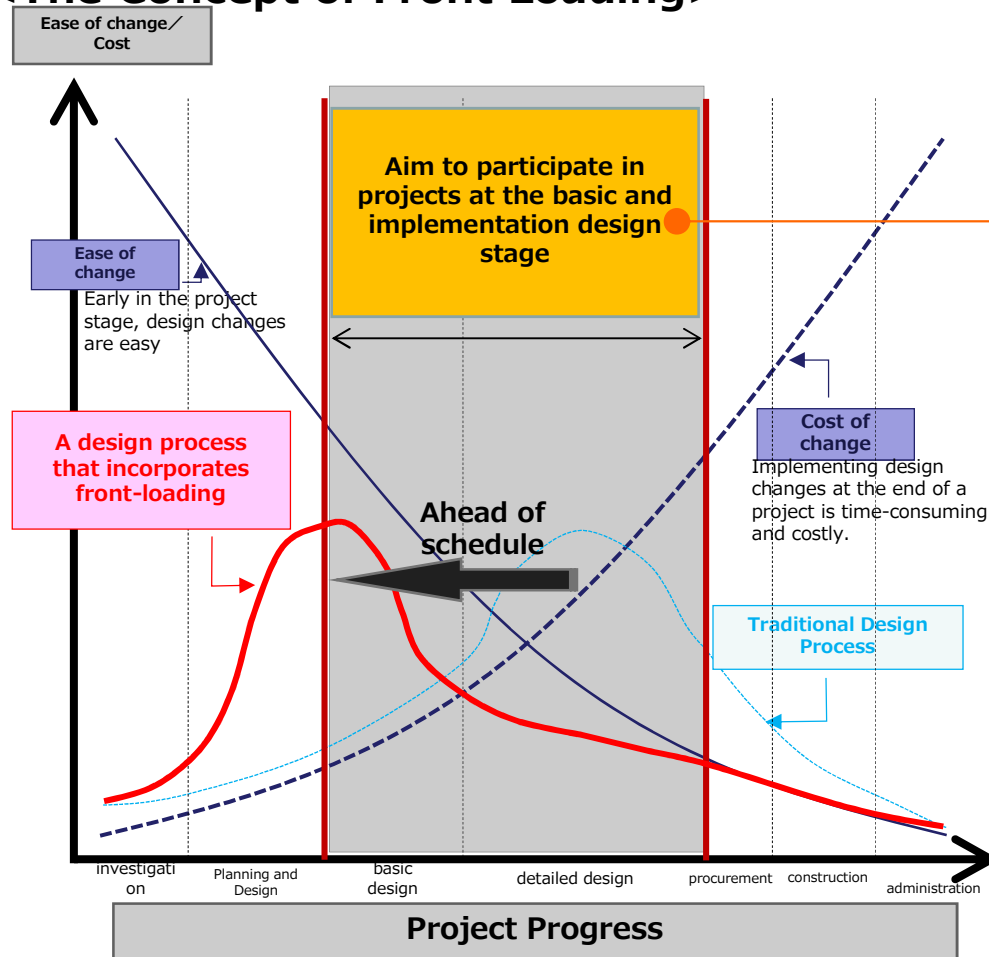
About 4,000

Appendix

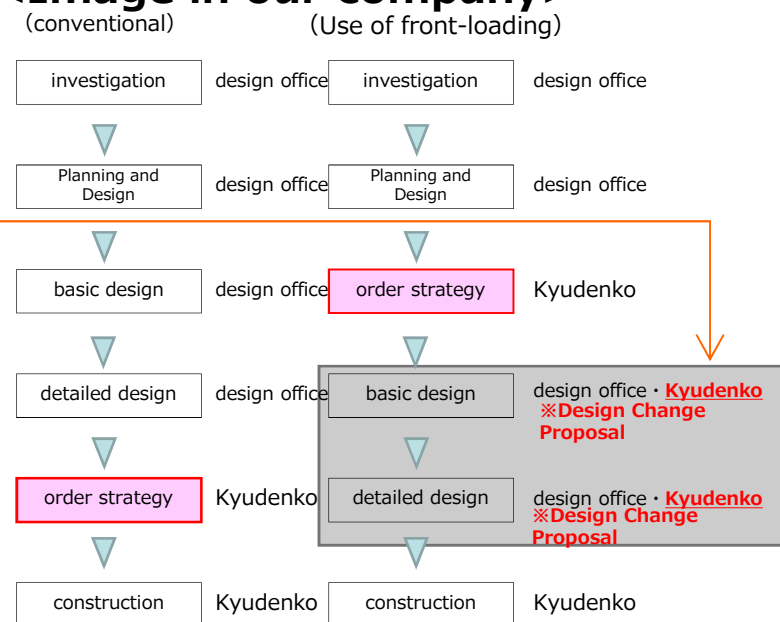
Benefits of being involved from the design stage

- [Design Phase] Design changes can be made from the initial design stage
(Effective suggestions and cost savings can be anticipated.)
- [Contract Stage] Orders can be received with cost savings factored in
- [Construction Phase] It allows for a smooth handover to the field

<The Concept of Front Loading>

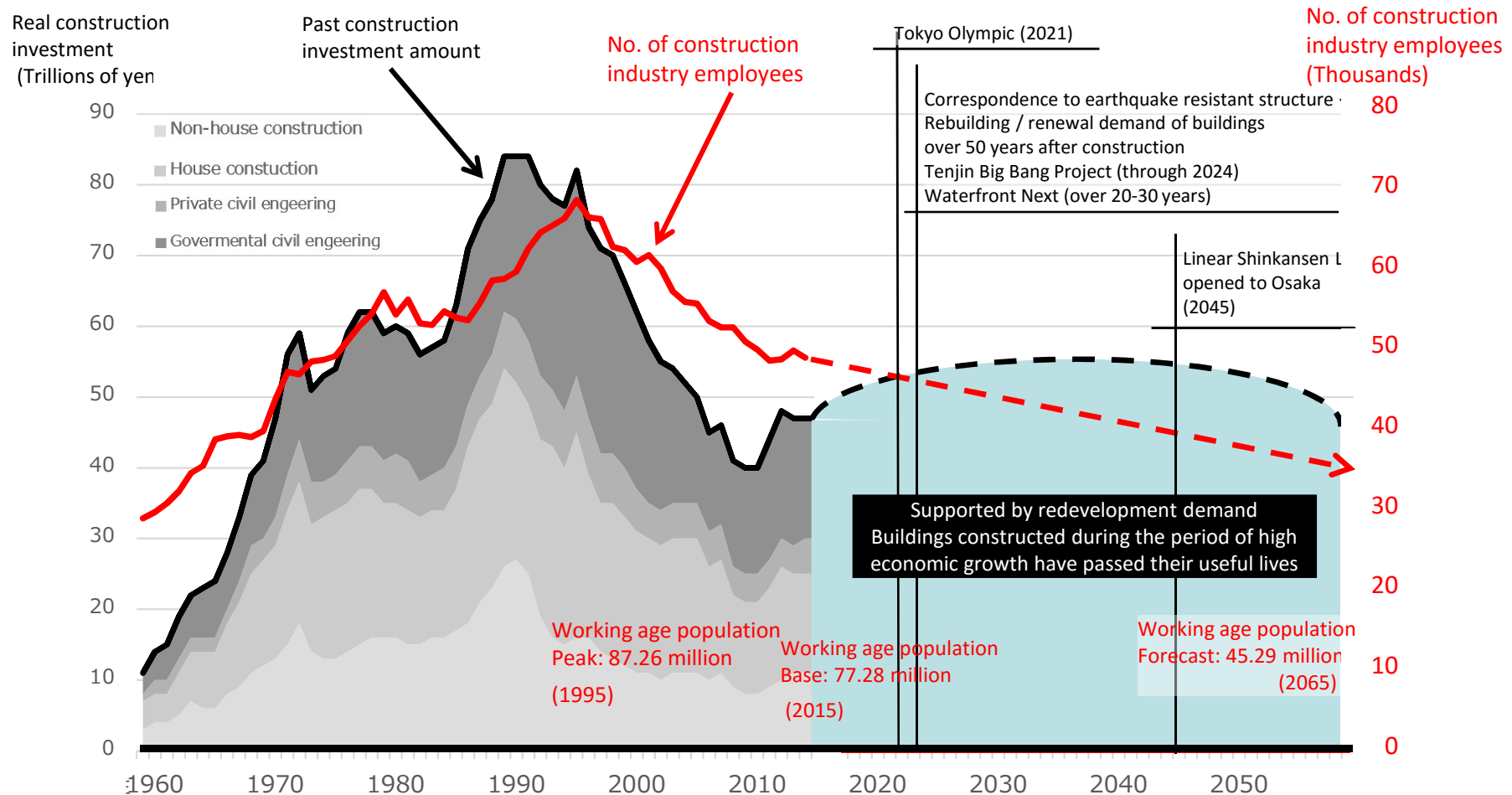


<Image in our company>



Prediction about industry

Construction demand will be supported by large-scale projects and renovation of aging infrastructure built more than 50 years ago. The labor shortage will accelerate with the decline in the working age population, with a rapid falloff in supply capability.



Established the education base of Kyudenko group “Kyudenko Academy”

Appearance of Kyudenko Academy



A place to learn from the lessons of the past



Training in power distribution and rising pillars



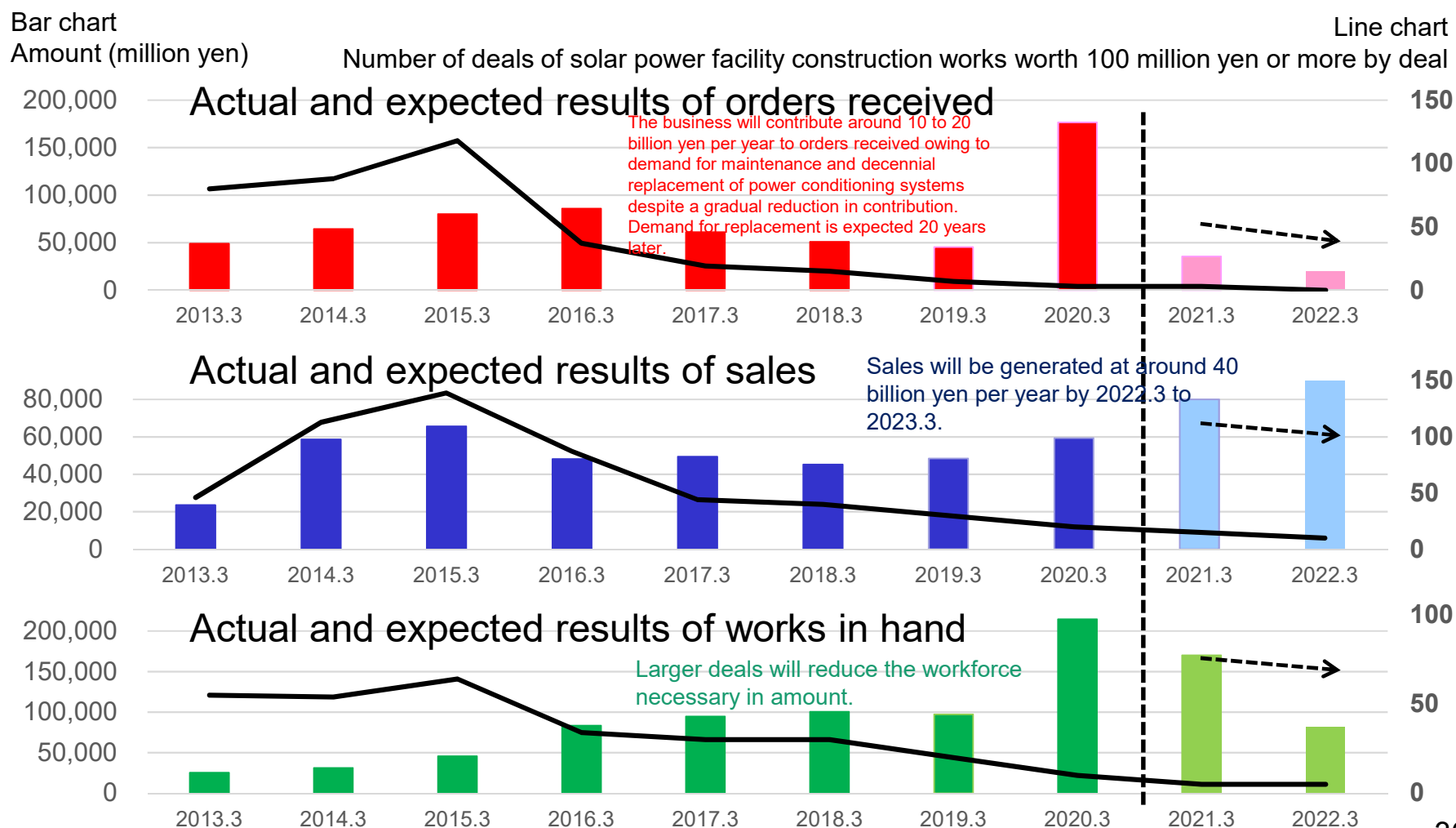
Training in wiring



Photovoltaic power generation facility construction

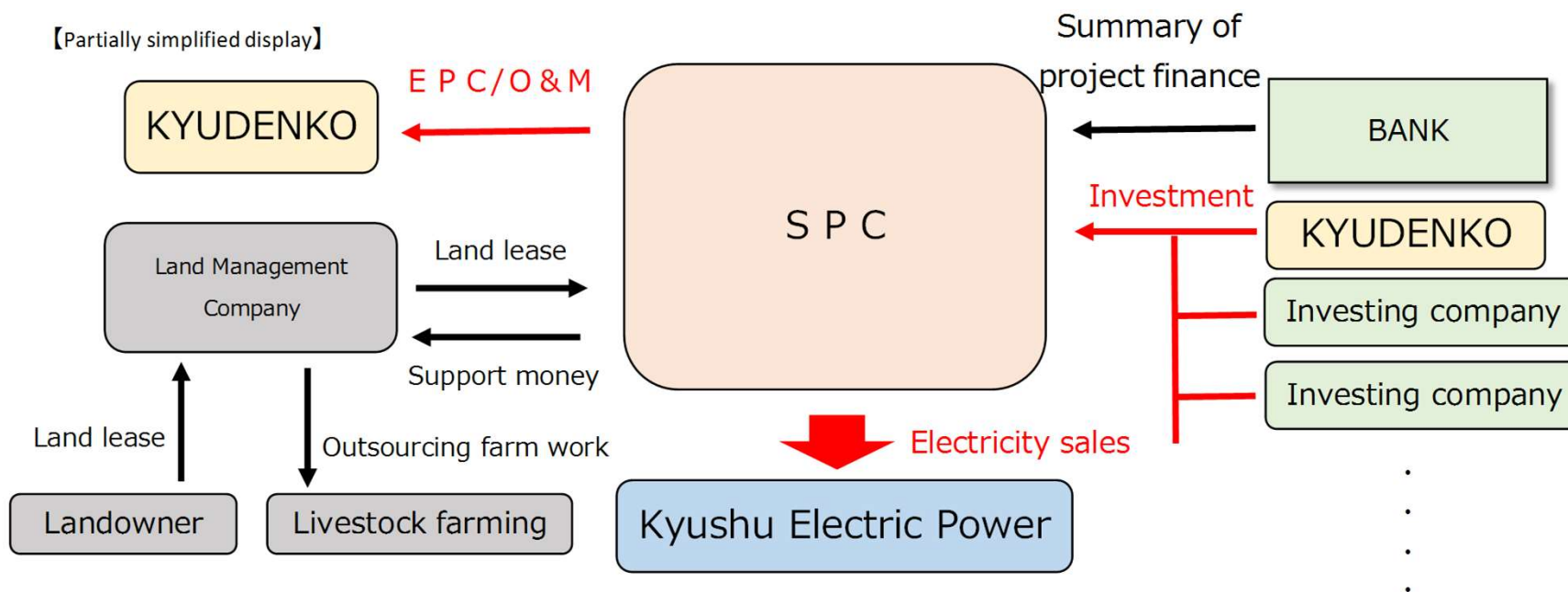
We constructed a tight connection with partners in other industries as a result of appreciation of abilities to develop deals and judge investments. There is a huge volume of information on large deals requiring much time for development, and we now expect orders directly nominated from partners.

We seek to gain demand for replacing power conditioning system 10 years later and replacement demand 20 years later as a previous constructor.



Uku island Mega solar generation business

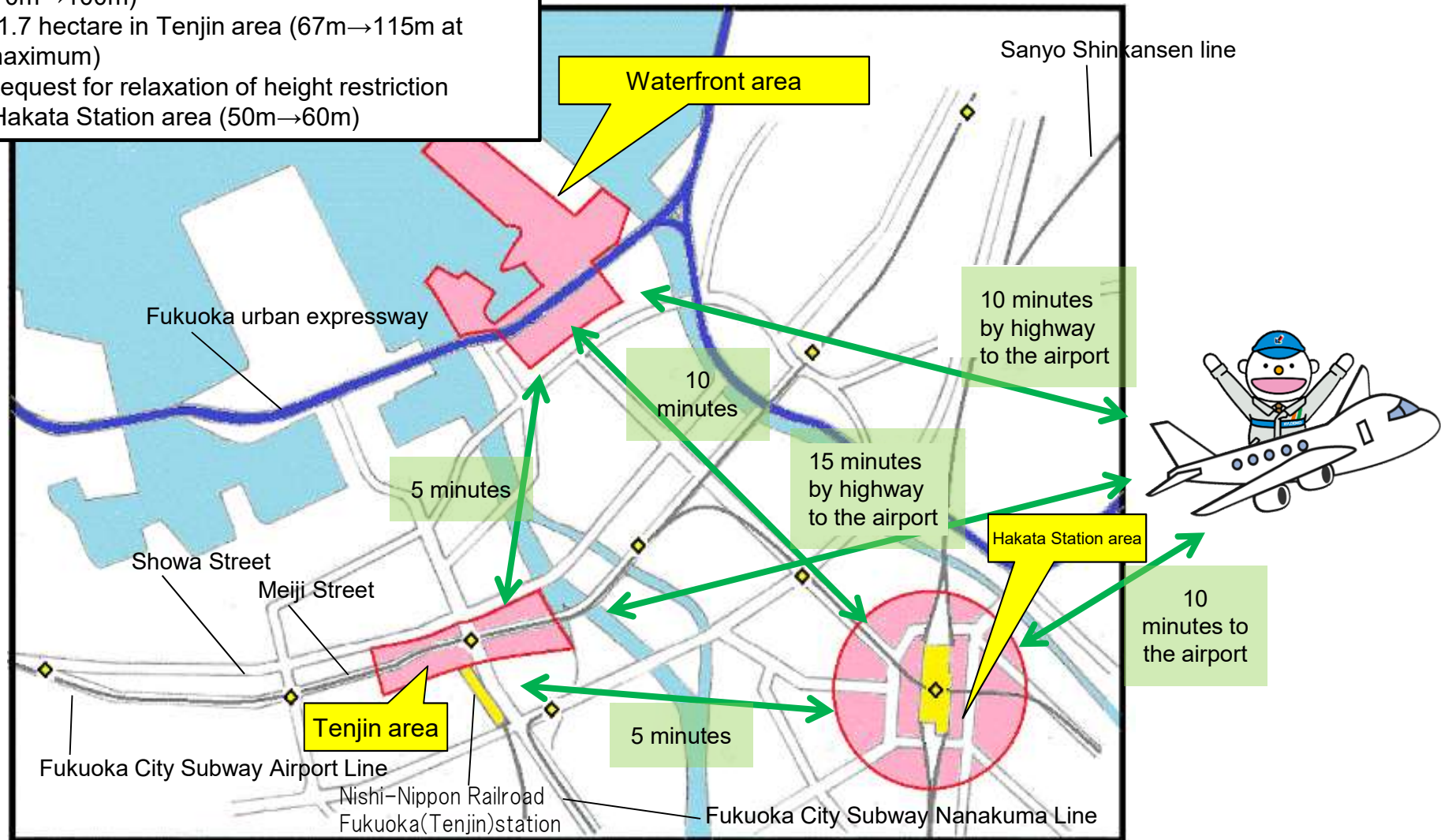
| Overview of business | | | |
|---------------------------------|--|----------------|--------------------------------|
| Content of business | Mega solar generation business while operating agriculture | FIT unit price | 40yen/w |
| Scheduled operation start month | July 2023 | EPC | KYUDENKO About 140 billion yen |
| Power generation output | The largest scale in Japan | O&M | KYUDENKO |



【Positional relationship】

Fukuoka Waterfront Next, Tenjin Big Bang, Hakata Connected

Relaxation of height restriction
38 hectares in the waterfront area
(70m→100m)
1.7 hectare in Tenjin area (67m→115m at maximum)
Request for relaxation of height restriction
Hakata Station area (50m→60m)



| Project | Purpose | Period and scale |
|--------------------------|--|---|
| ①Tenjin Big Bang | <ul style="list-style-type: none"> • By promoting the redevelopment of the Tenjin area, which is the center of Fukuoka, enhance the role and function as a hub city in Asia and create jobs | <ul style="list-style-type: none"> • Through 2024 • Total floor area 757,000m² • Reconstruction of buildings in Tenjin area (30 buildings) |
| ②Fukuoka Waterfront Next | <ul style="list-style-type: none"> • Create bustle around Hakata Port, the gateway to Kyushu • Improved urban functions to meet MICE and cruise demand | <ul style="list-style-type: none"> • Over 20-30 years • Cruise terminal, MICE, commercial facilities, hotels |
| ③Hakata Connected | <ul style="list-style-type: none"> • Connect the vitality and bustle of Hakata Station, the gateway to Kyushu, to the surrounding area. | <ul style="list-style-type: none"> • Through 2028 • About 80ha of about 500m in radius from Hakata Station • Reconstruction of buildings around Hakata Station (20 buildings) |

Details of diverse business models (facility work)

| business model item | Ⓐ Proposal and original contract type(Local based) | Ⓑ Sub-contract type | Ⓒ Capital participation type |
|----------------------------|---|--|---|
| ① Feature | <ul style="list-style-type: none"> • Mainly small- and med-sized deals • Order directly from the owner (prime contractor) | <ul style="list-style-type: none"> • Large sized deals • Subcontractor of a general contractor | <ul style="list-style-type: none"> • Capital participation in a project of collaboration with different industries, and receiving an order for construction • Construction profit + Business profit according to the amount of investment |
| ② Business area | Mainly Kyushu | Urban areas such as Kanto and Kansai | Nationwide development |
| | To Kanto and Kansai by M & A | Fukuoka urban area Business area expansion to the whole country | |
| ③ Sales | Sales by project are small | Sales by project are large | Sales by project are large |
| ④ Profit rate | Relatively higher (Order directly from the owner) | Relatively lower (Mainly subcontracted) | Different for each project |
| ⑤ Differentiation strategy | By having 110 sales offices throughout Kyushu and Okinawa, we develop local-based sales by engineers | Overwhelming ability to collect workforce and ability of direct construction | By participating from the project planning stage, we definitely receive an order for construction |
| ⑥ Rival | Local small and medium-sized enterprises | Major competitors | General contractor and developer |
| ⑦ Composition ratio | about 40 % | about 50 % | about 10 % |