

Securities code : 1959



Kyudenko Corporation

FY ended March 2019, 1Q



Outline of balance sheet

(Million yen)

		End of Mar. 2017	End of Mar. 2018	End of June 2018	Increase /decrease	Main factors behind increase/decrease
	Current assets	158,172 (52.6%)	178,884 (55.1%)	153,694 (50.7%)	▲25,190	Cash and deposits ▲2,441 Trade notes and accounts receivable ▲26,484
	Fixed assets	142,306 (47.4%)	146,034 (44.9%)	149,359 (49.3%)	+3,325	Investment securities +4,383
Total assets		300,478 (100.0%)	324,919 (100.0%)	303,054 (100.0%)	▲21,865	
	Current liabilities	124,745 (41.5%)	130,222 (40.1%)	104,935 (34.6%)	▲25,287	Trade notes and accounts payable ▲19,483 Short-term debt ▲5,257 Income taxes payable ▲4,788
	Fixed liabilities	34,230 (11.4%)	30,557 (9.4%)	34,648 (11.5%)	+4,091	Long-term debt +5,280 Liability for retirement benefits ▲773
Total liabilities		158,975 (52.9%)	160,780 (49.5%)	139,583 (46.1%)	▲21,196	
Total net assets		141,503 (47.1%)	164,139 (50.5%)	163,470 (53.9%)	▲668	Retained earnings ▲1,275 Unrealized holding gain(loss) on securities +616
Total liabilities and net assets		300,478 (100.0%)	324,919 (100.0%)	303,054 (100.0%)	▲21,865	

(Million yen)

	March 2017 Result	March 2018			
		Result	Year-on-year	Plan (2017.4.28)	Progress
Sales	341,771 (100.0%)	360,872 (100.0%)	105.6%	370,000 (100.0%)	97.5%
Gross profit	51,951 (15.2%)	56,659 (15.7%)	109.1%	58,000 (15.7%)	97.7%
Operating profit	30,732 (9.0%)	34,726 (9.6%)	113.0%	36,000 (9.7%)	96.5%
Ordinary profit	32,187 (9.4%)	37,342 (10.3%)	116.0%	37,000 (10.0%)	100.9%
Net profit	22,297 (6.5%)	25,296 (7.0%)	113.4%	24,500 (6.6%)	103.2%
Net profit per share	¥327.22	¥356.89		¥345.66	

Outline of P/L March 2019, 1st quarter

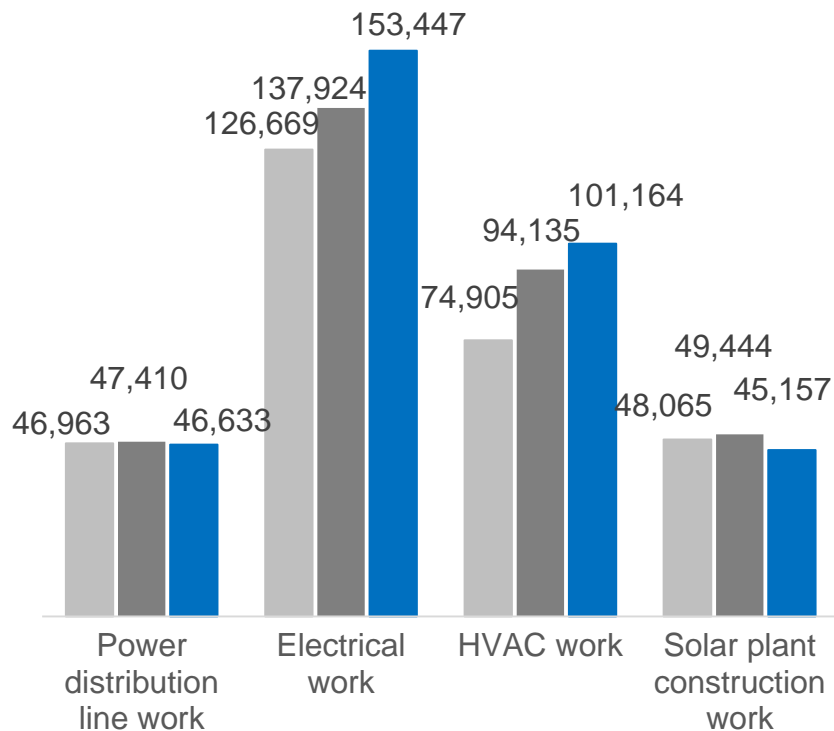
	March 2018. 1Q	March 2019. 1Q		March 2019. 2Q	
		Result	1 st -on-1 st t	Forecast	Progress
Sales	65,649 (100.0%)	70,792 (100.0%)	107.8%	165,000 (100.0%)	42.9%
Gross profit	10,262 (15.6%)	9,199 (13.0%)	89.6%	26,000 (15.8%)	35.4%
Operating profit	4,527 (6.9%)	2,938 (4.2%)	64.9%	13,500 (8.2%)	21.8%
Ordinary profit	5,020 (7.6%)	3,565 (5.0%)	71.0%	15,000 (9.1%)	23.8%
Net profit	3,346 (5.1%)	2,265 (3.2%)	67.7%	9,800 (5.9%)	23.1%
Net profit per stock	¥ 47.48	¥31.85		¥137.76	

Order received / Sales by department March 2018

Sales of each department

(Million yen)

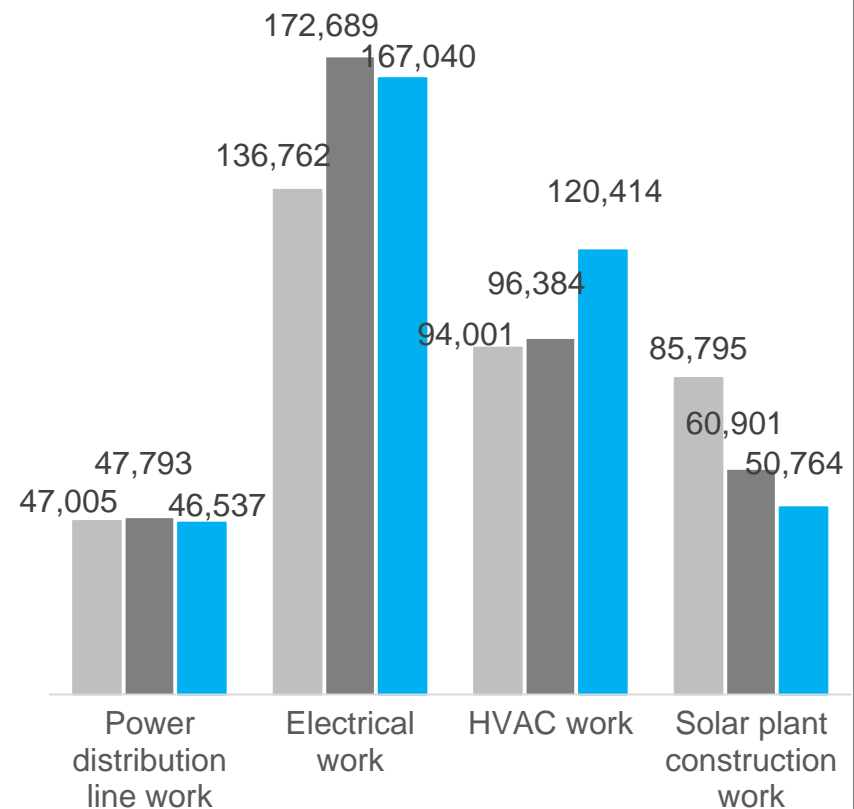
■ 2016.3 ■ 2017.3 ■ 2018.3



Orders of each department

(Million yen)

■ 2016.3 ■ 2017.3 ■ 2018.3

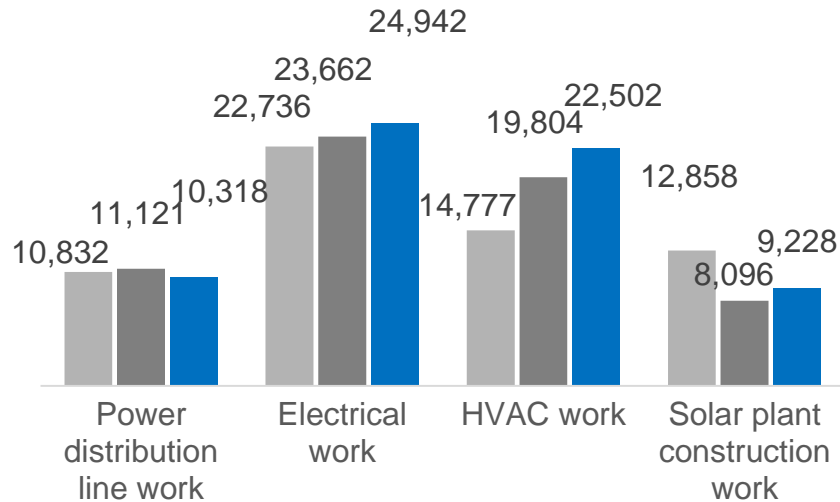


Order received / Sales by department June 2018

Sales of each department

(Million yen)

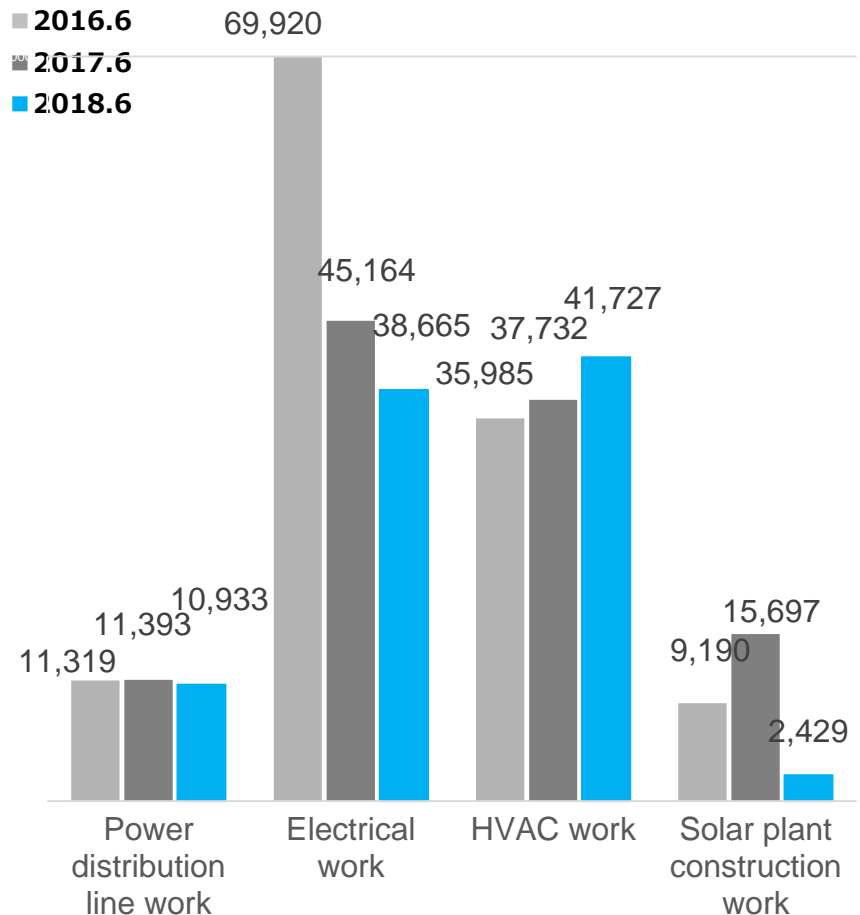
■ 2016.6 ■ 2017.6 ■ 2018. 6

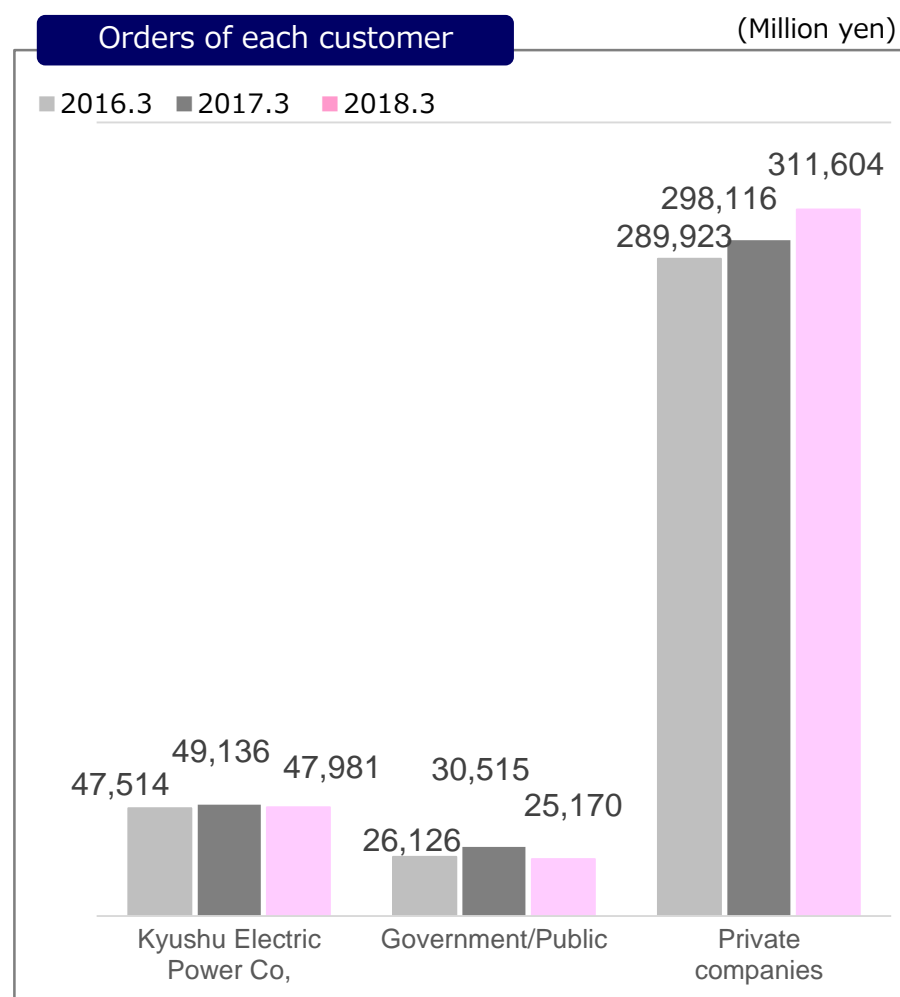
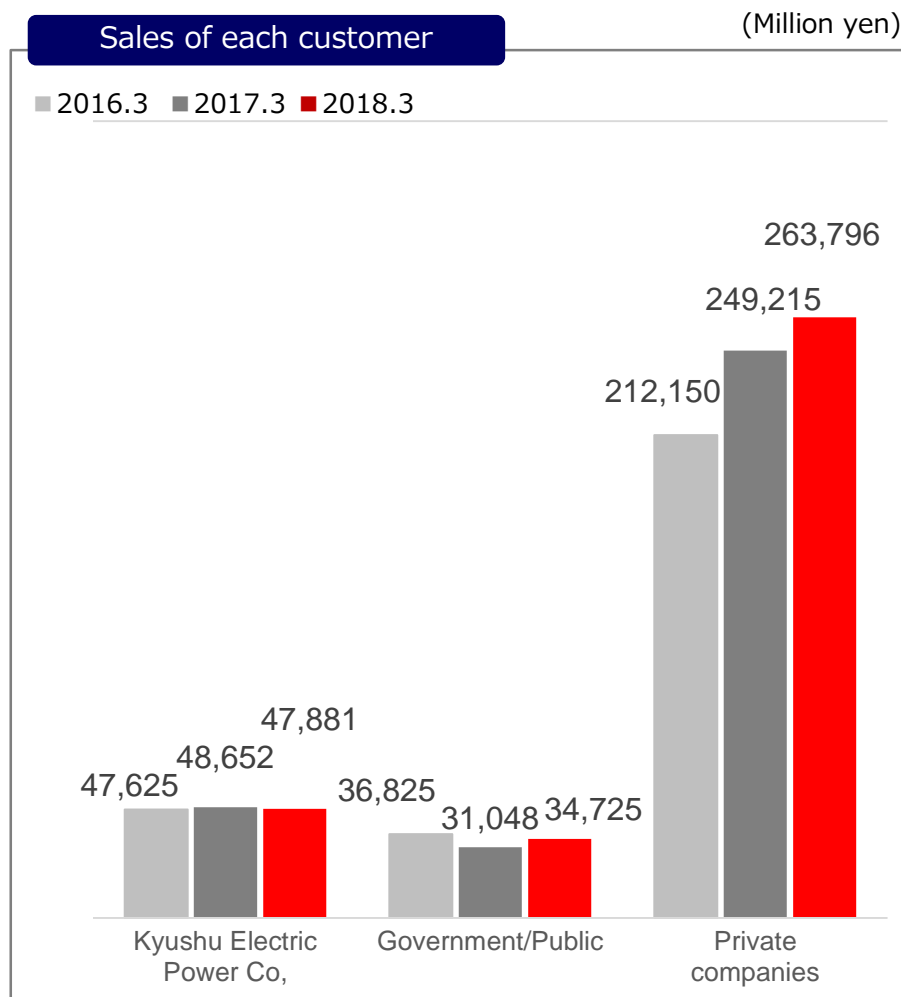


Orders of each department

(Million yen)

■ 2016.6
■ 2017.6
■ 2018.6



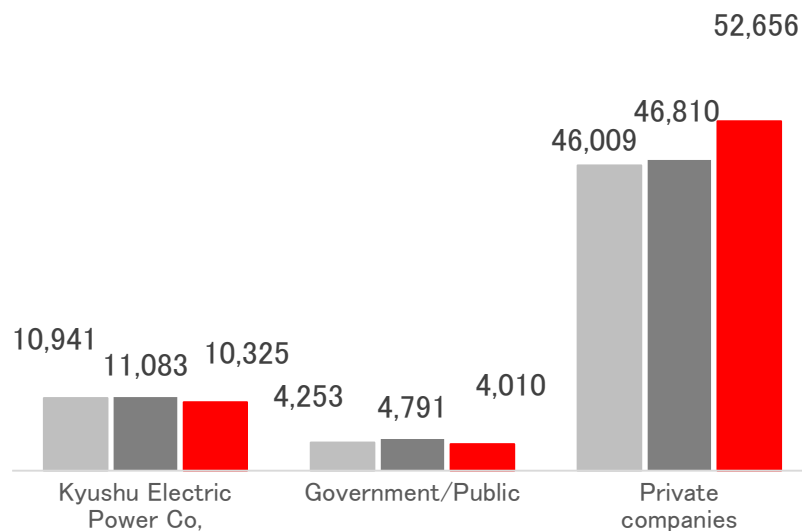


Order received / Sales by customer June 2018

Sales of each customer

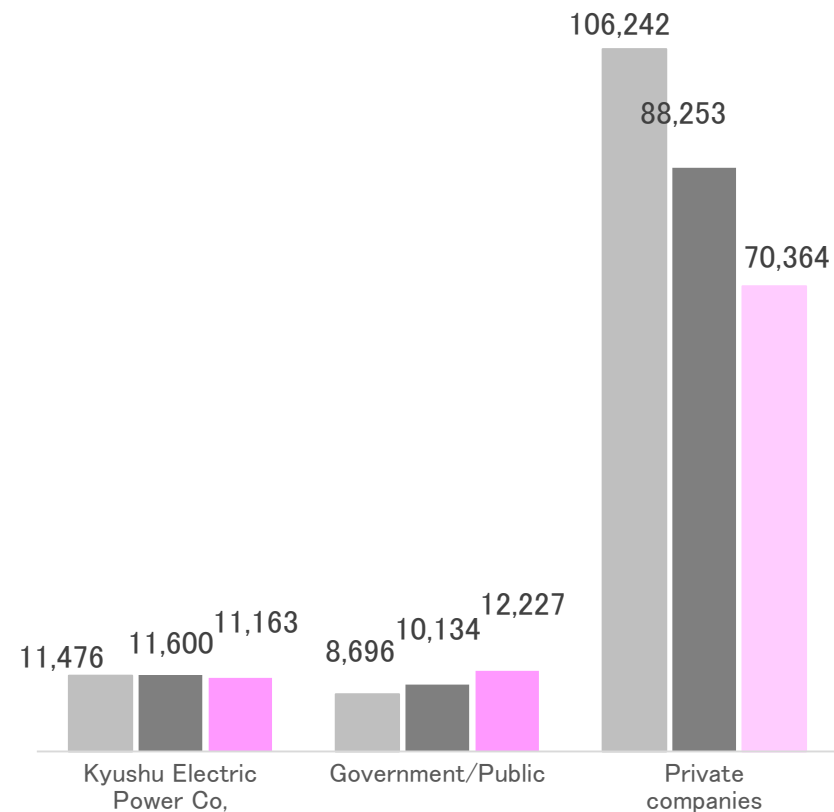
(Million yen)

■ 2016.6 ■ 2017.6 ■ 2018.6


Orders of each customer

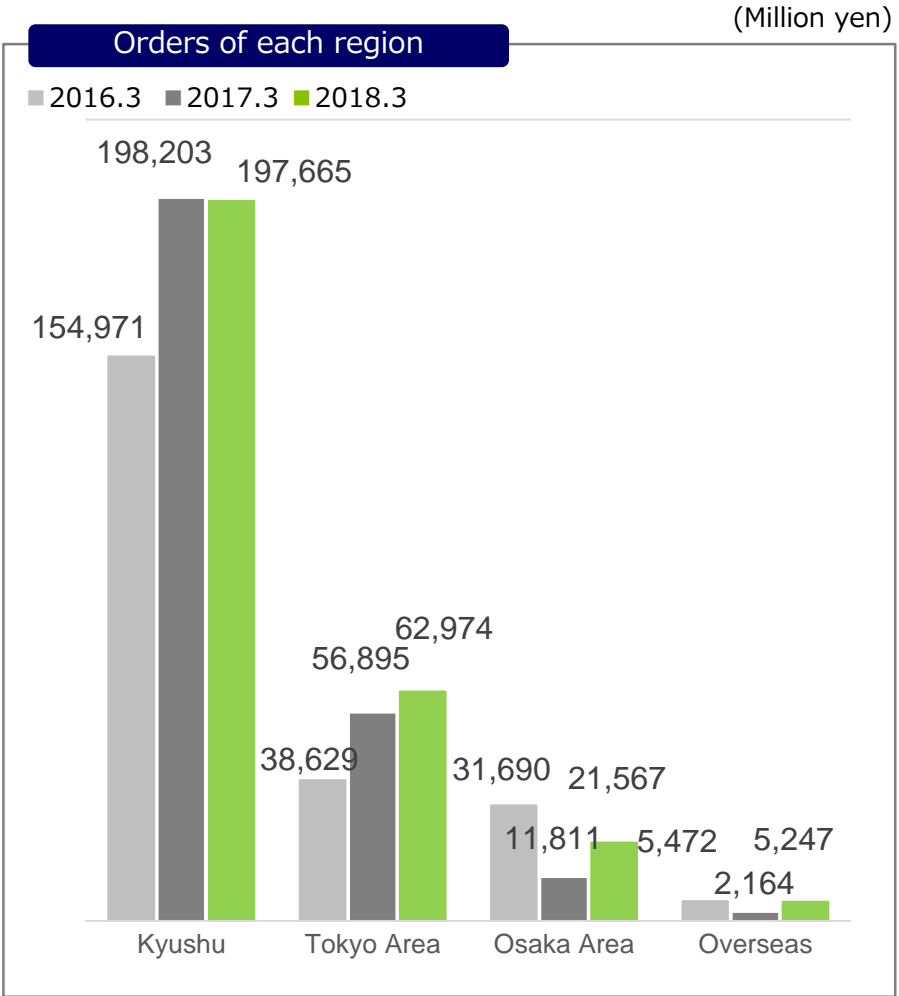
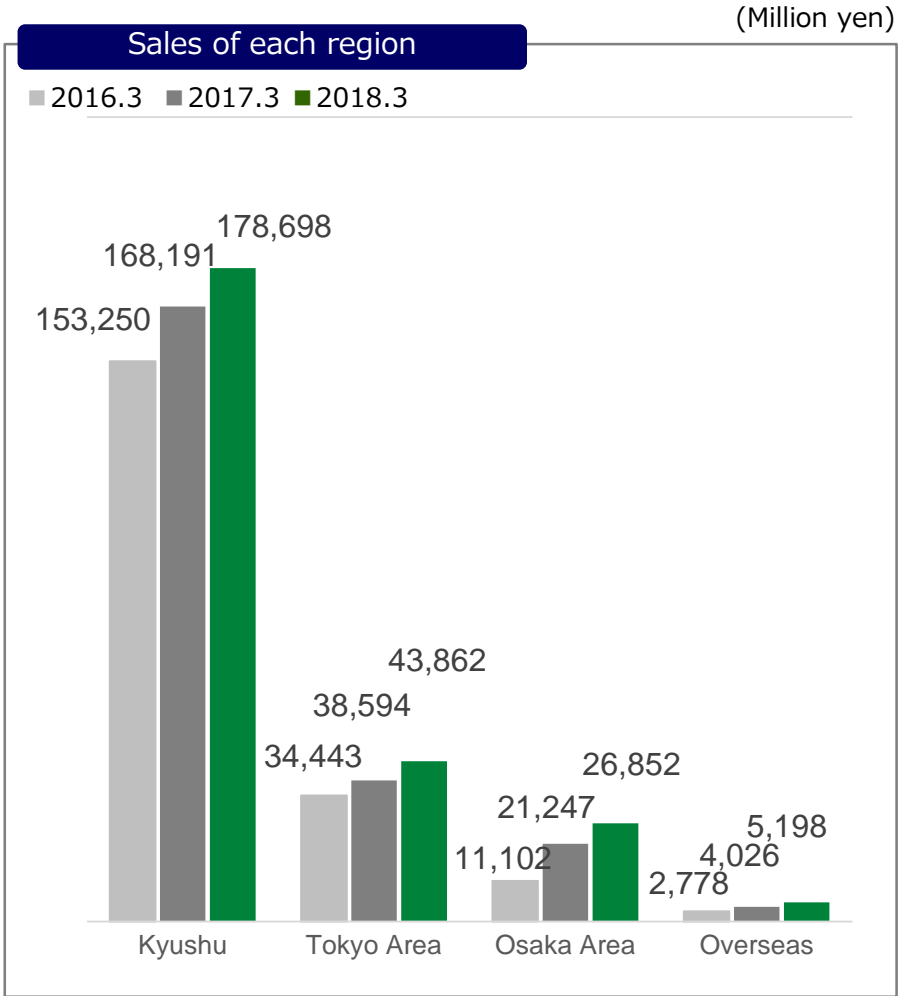
(Million yen)

■ 2016.6 ■ 2017. 6 ■ 2018.6



Order received / Sales by region March 2018

(Electrical & HVAC work excluding Solar plant construction work)



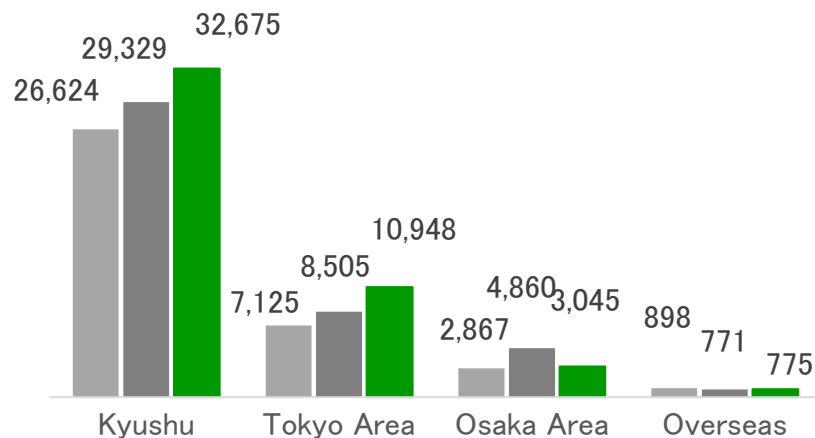
Order received / Sales by region June 2018

(Electrical & HVAC work excluding Solar plant construction work)

(Million yen)

Sales of each region

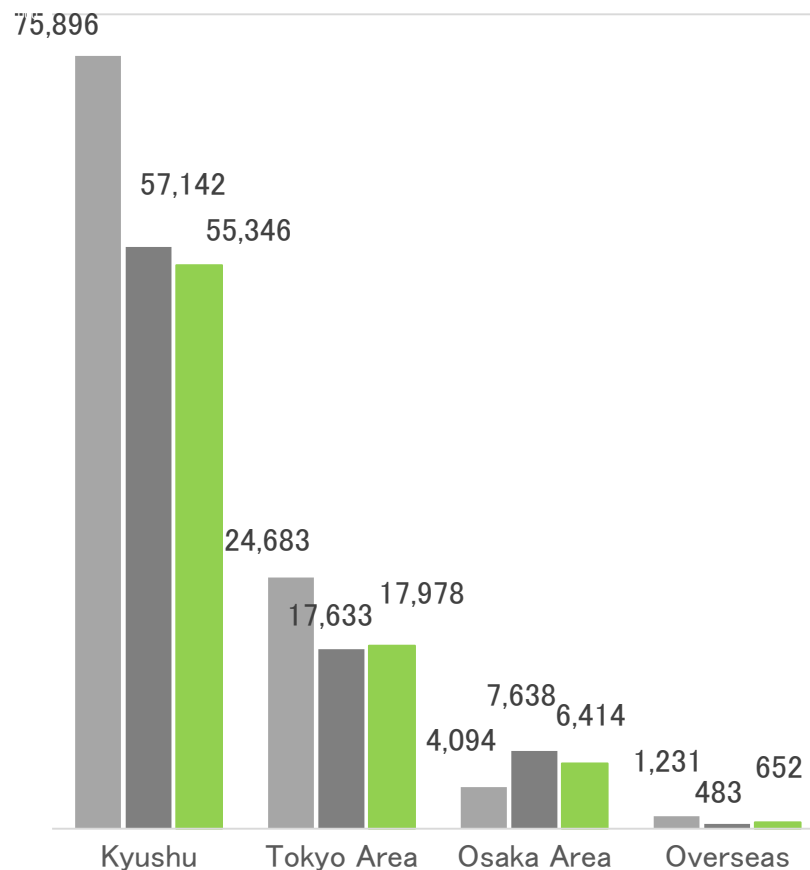
■ 2016.6 ■ 2017.6 ■ 2018.6



(Million yen)

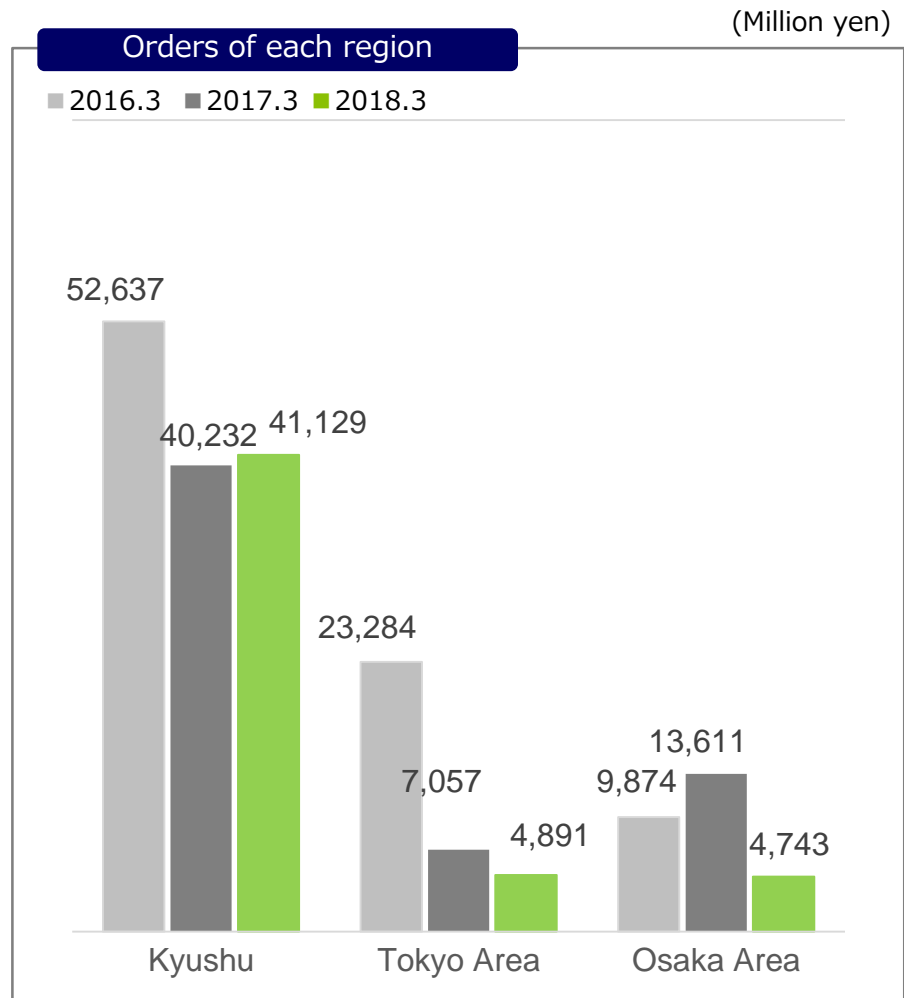
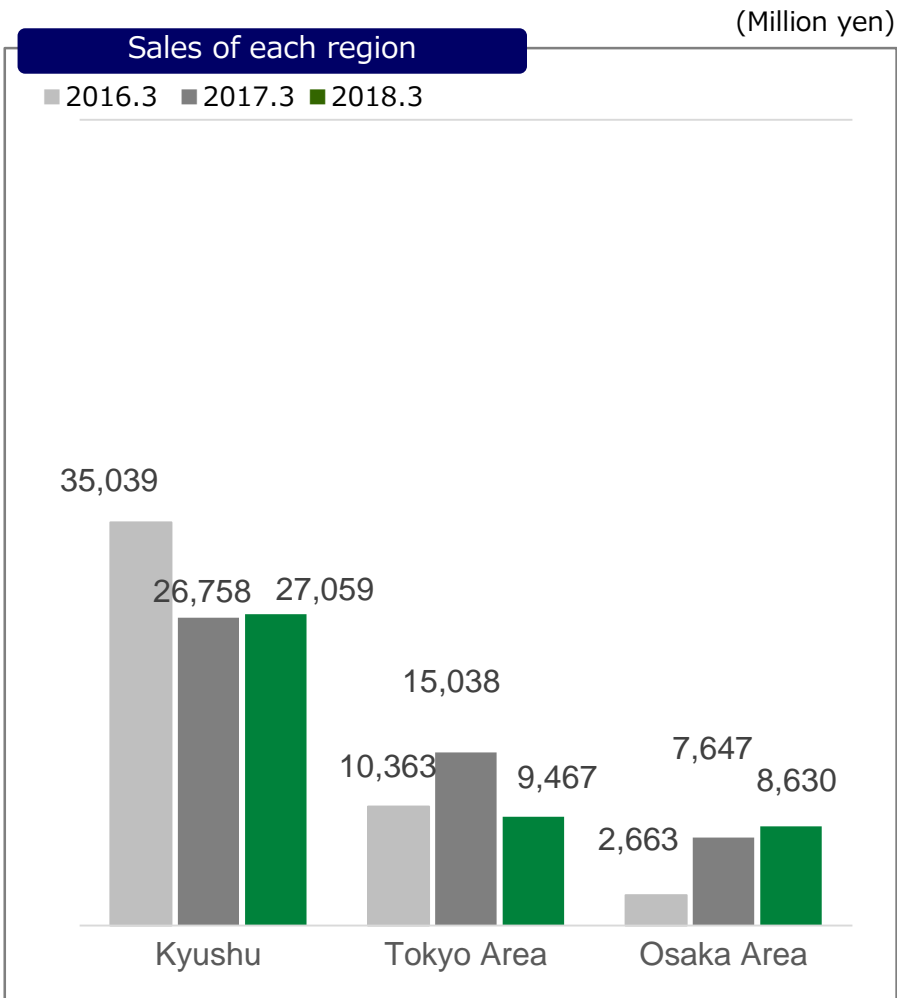
Orders of each region

■ 2016.6 ■ 2017.6 ■ 2018.6



Order received / Sales by region March 2018

(Solar plant construction work)



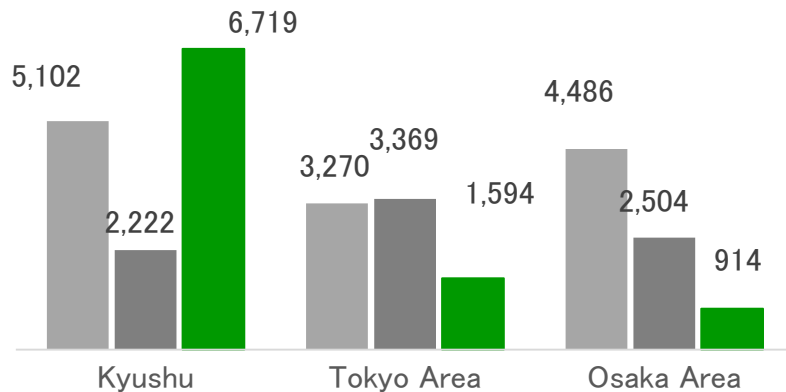
Order received / Sales by region June 2018

(Solar plant construction work)

(Million yen)

Sales of each region

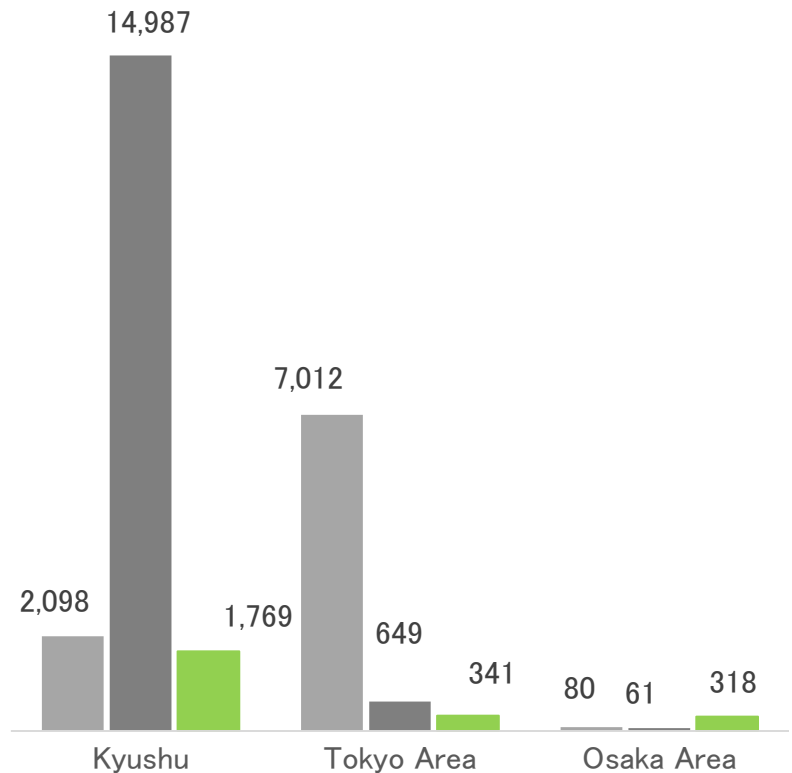
■ 2016.6 ■ 2017.6 ■ 2018.6



(Million yen)

Orders of each region

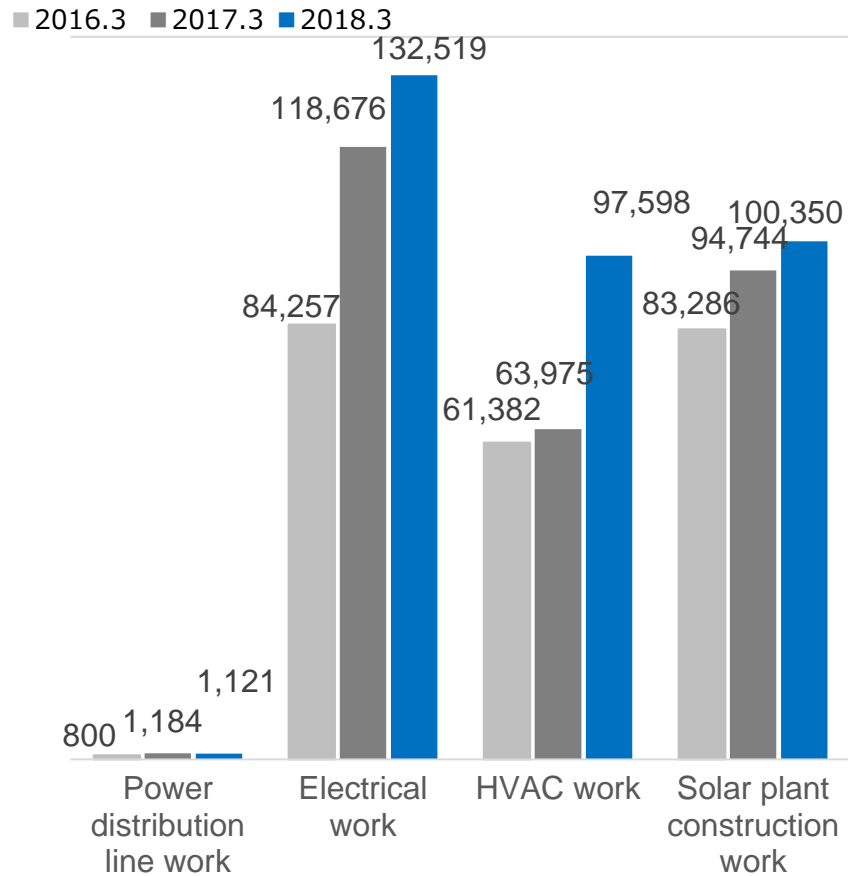
■ 2016.6 ■ 2017.6 ■ 2018.6



Year-end amount of works on hand

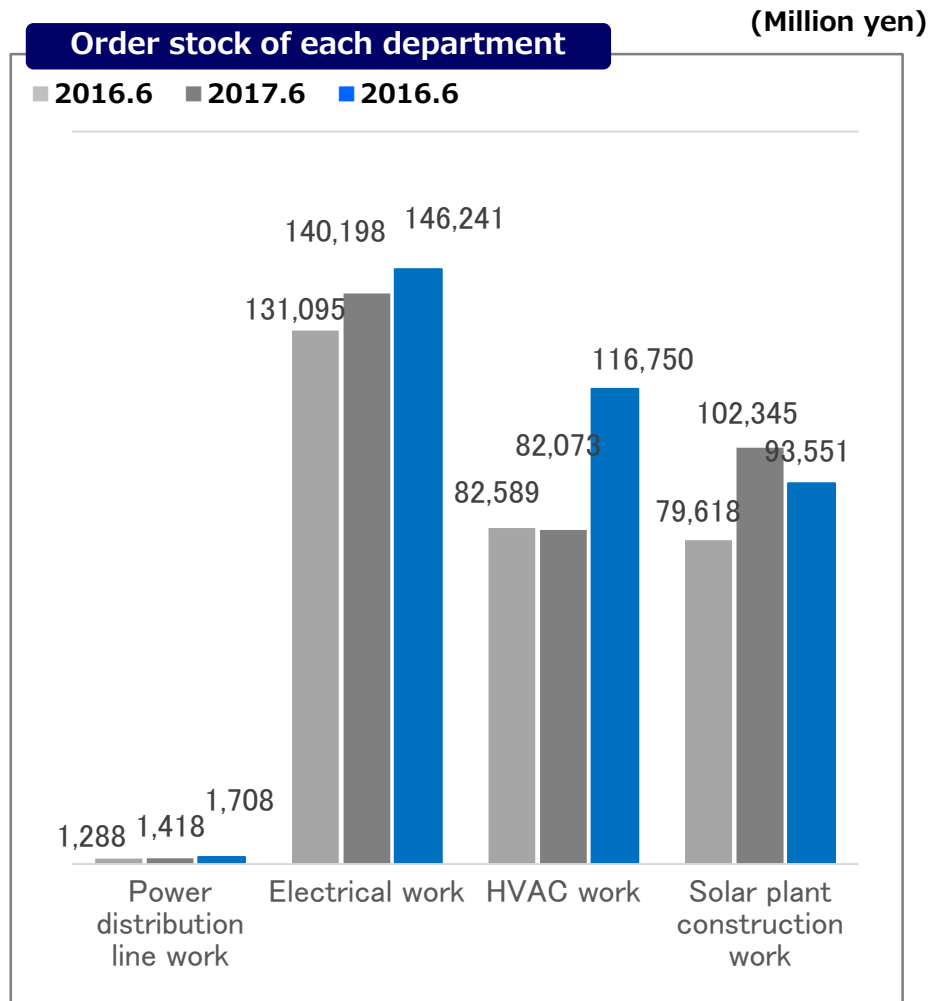
Order stock of each department

(Million yen)



Ken Corporation Ltd.
Yamashita-cho A block hotel plan

Situation of order stock June 2018



Plan for March 2019

(Million yen)

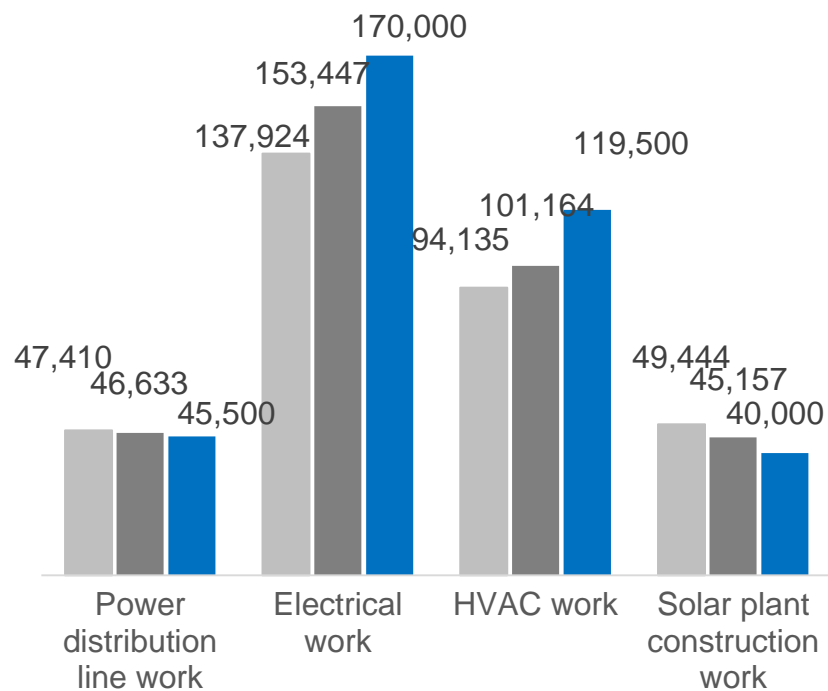
	March 2018 Result	Plan for March 2019			
		March 2019	Year-on-Year	2nd quarter total	2nd-on-2nd
Sales	360,872 (100.0%)	385,000 (100.0%)	106.7%	165,000 (100.0%)	103.5%
Gross profit	56,659 (15.7%)	63,000 (16.4%)	111.2%	26,000 (15.8%)	106.5%
Operating profit	34,726 (9.6%)	38,000 (9.9%)	109.4%	13,500 (8.2%)	101.7%
Ordinary profit	37,342 (10.3%)	41,000 (10.6%)	109.8%	15,000 (9.1%)	100.3%
Current (quarter) net profit	25,296 (7.0%)	28,000 (7.3%)	110.7%	9,800 (5.9%)	101.3%
Current net profit per stock	¥356.89	¥393.59		¥137.76	
Dividends	90円 Interim ¥40	¥100 Interim ¥50			

Orders & Sales plan by department

Sales of each department

(Million yen)

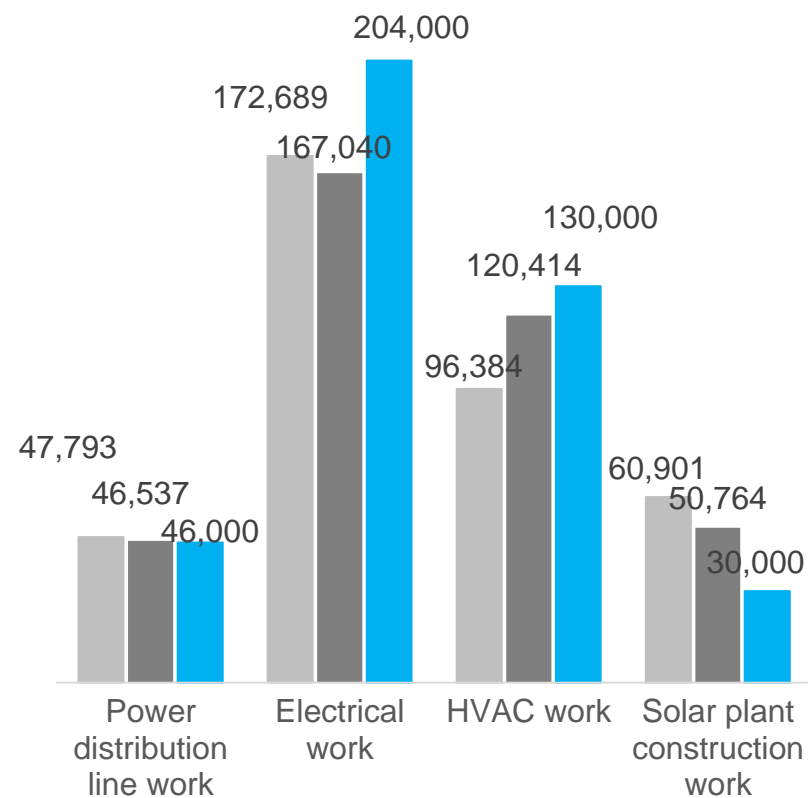
■ 2017.3 ■ 2018.3 ■ 2019.3 (plan)



Orders of each department

(Million yen)

■ 2017.3 ■ 2018.3 ■ 2019.3 (plan)



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	48	90MW	85MW
Under construction	2	3MW	3MW
Plan	-	-	-
Total	50	93MW	88MW

2.0 to 2.4 billion yen at its maximum

Deals through investment in equity

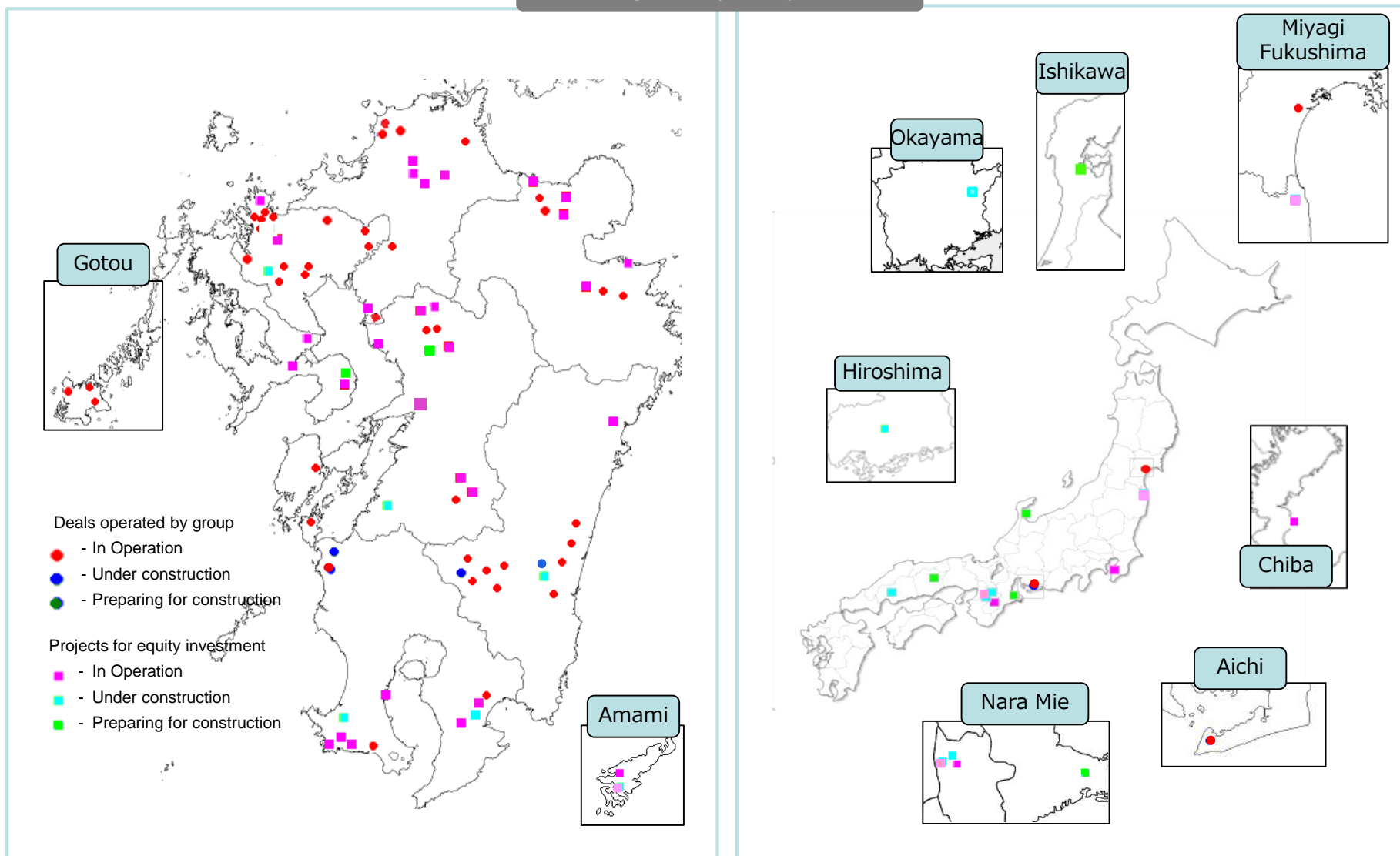
(acquire investment securities and record an amount equal to the equity to non-operating revenues)

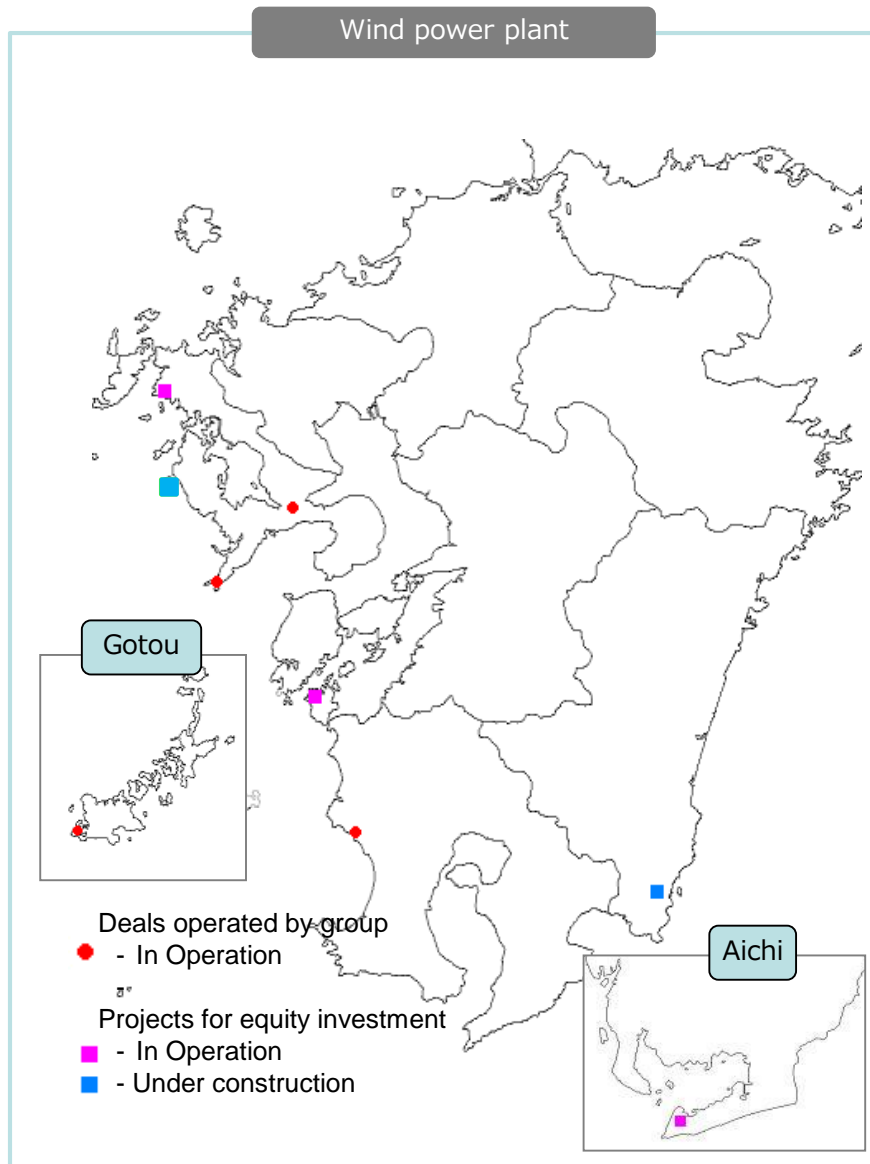
Depreciated at the straight line method

	Number of power plants	Generation capacity (the entire operation)	Generation capacity (that equal to the equity)
In operation	40	313MW	97MW
Under construction	7	236MW	59MW
Plan	4	143MW	55MW
Total	51	692MW	211MW

1.8 to 2.0 billion yen at its maximum

Mega solar power plant





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	3	73MW	15MW
Under construction	2	72MW	34MW
Plan	-	-	-
Total	5	145MW	49MW

Mid-term management plan

Axes of the growth strategy and key measures

Axes of the growth strategy

“Establish stable foundation in Kyushu”

“Strengthening business in the metropolitan area”

“The development of human resources”

« Kyudenko's Four Strategic Policies »

- 1 “ **Sales force** ” to meet trusts and expectations of clients
- 2 “ **Technological force** ” to win the cost & quality competition
- 3 “ **On-site Capabilities** ” to obtain more projects and profit efficiency
- 4 “ **Growing Force** ” for future success

« Main theme »

Challenge to a Further Growth

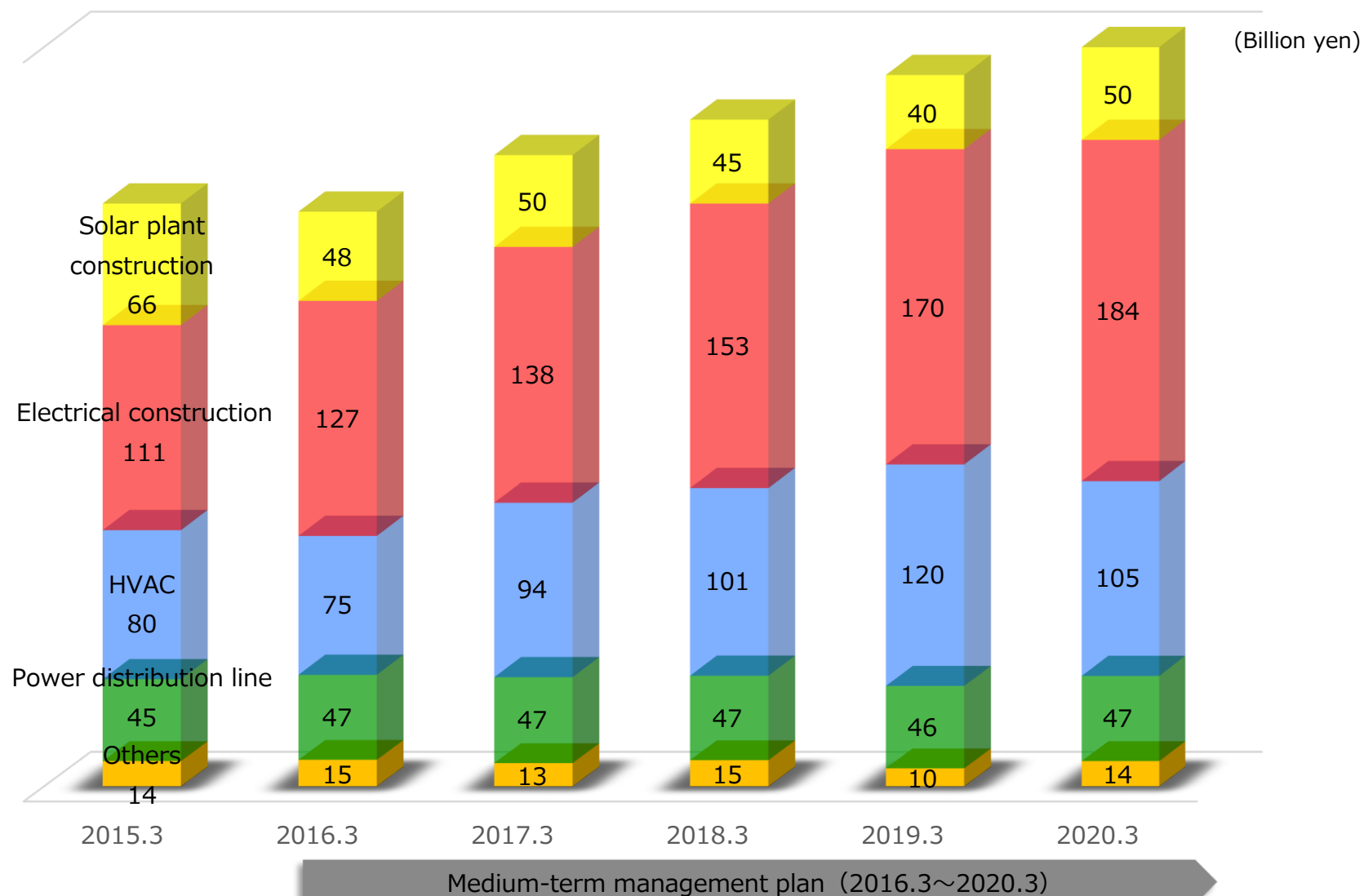
~To the next growth stage~

« Numerical target at March 31, 2020 »

(Results in March 2018)

S a l e s	400 BillionYen	360 BillionYen
Gross Profit Ratio	Over 15 %	15.7 %
Operating Profit Ratio	Over 9 %	9.6 %
R O E	Over 14 %	16.8 %

Road map of sales plan



Breakdown of sales plan (March 2020)

Total sales **400** Billion yen

Each business lines

Solar plant construction **50** Billion yen

Electrical and HVAC **289** Billion yen

Power distribution line **47** Billion yen

Others **14** Billion yen

By region (Electrical and HVAC)

Kyushu **176** Billion yen

Tokyo **73** Billion yen

Kansai/Okinawa **23** Billion yen

Over seas **17** Billion yen

Renewal &
Renovation Services
which is included in
above figures **130** Billion yen

and workforce planning

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

	2006	2007~2014	2015	2016	2017	2018
Total engineers and skilled persons	133	Around 200	241	262	344	383
High school graduates	111	Around 150	163	177	248	271
University graduates	22	Around 50	78	85	96	112

《 Comparison in actual results of recruitment for April 2018 with other companies 》

	Kyudenko	Large electrical construction companies	Large HVAC companies	Super general constructors
Total in all professions	412	330~340	60~100	230~290
High school graduates	272	Around 200	Around 10	Around 10
University graduates	140	130~140	60~90	230~280

《 Planned year-end workforce until FY2020 March 》

	Mach 2016	Mach 2017	Mach 2018	Mach 2019	Mach 2020	Increase or decrease in plan
Electrical work department	1,728	1,826	2,090	2,117	2,228	About +500
HVAC work department	921	990	1,052	1,100	1,160	About +240
Year-end workforce of electrical and HVAC	2,649	2,816	3,142	3,217	3,388	About +740
Power distribution line department	1,869	1,816	1,741	1,711	1,664	About ▲210
Other	1,394	1,408	1,418	1,423	1,433	About +40
Employees of single Kyudenko	5,912	6,040	6,301	6,351	6,485	About +570
Employees of group	8,976	9,287	9,843		10,000	About +1,000

Total 8,000 employees in technical field of total 9,800.

	(Kyudenko)		(Subsidiaries)		
Number of site technicians	About 2,000	+	About 2,100	=	About 4,100
Number of construction managers	About 2,900	+	About 1,000	=	About 3,900

Kyudenko Academy training base for Kyudenko group was set up in 2012.

Electric post climbing training



Electric wiring training



Kyudenko Academy



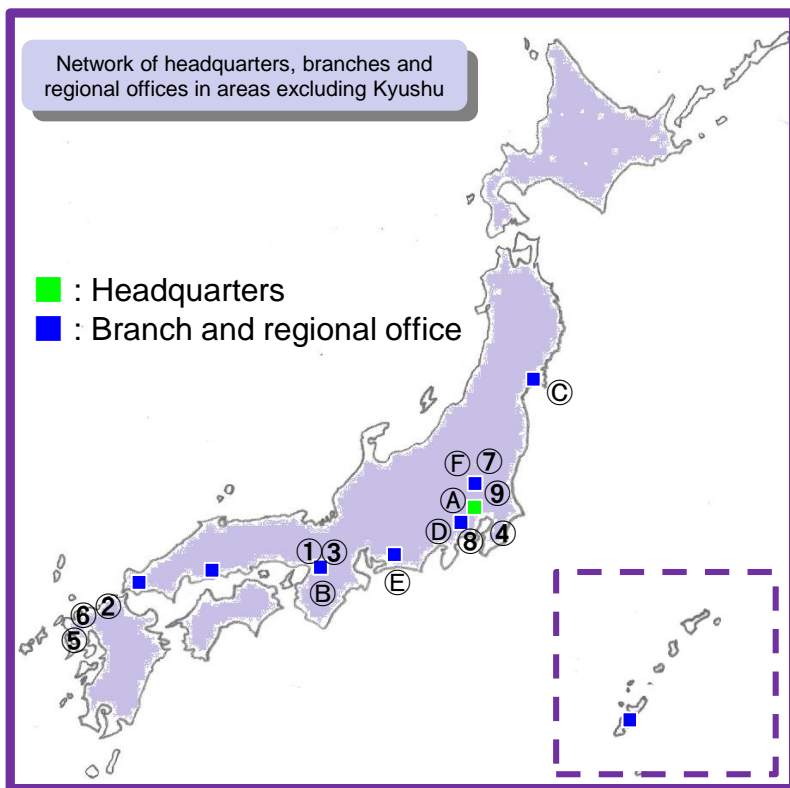
Mental training hall



Expansion of business area and acceptance of brand

Promote expansion of business area and strengthening

Do capital ties with companies seeking such at local-based operational activities in the Tokyo Metropolitan Area and newly entering areas and companies that can technically supplement us



« Strengthening of organizations in areas excluding Kyushu »

(A)	2008	Reorganized Tokyo organization and established Tokyo Headquarters
(B)	2012	Reorganized Osaka branch to Kansai branch to expand its business territory
(C)	2012	Established Tohoku regional office
(D)	2014	Reorganized Yokohama business office to Yokohama regional office
(E)	2015	Established Nagoya regional office
(F)	2017	Reorganized Saitama business office to Saitama branch

« New participant companies of Kyudenko group »

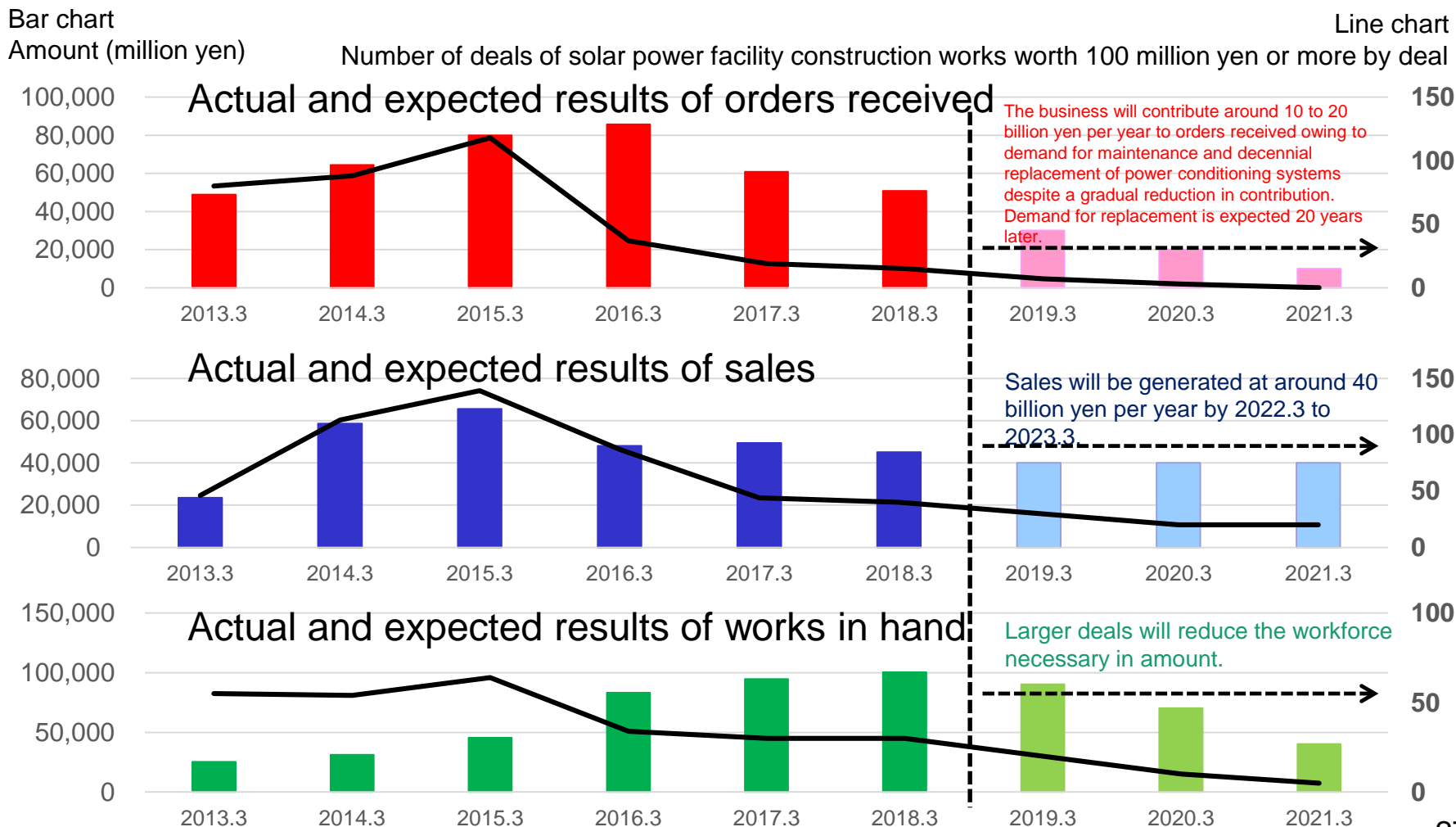
	Year of participation	Name of Company	Location	Sales for FY2017	Employees
①	2014	Koderadengyo	Osaka	1,566 million yen	54
②	2014	Kakusokukeisou	Fukuoka	1,368 million yen	51
③	2015	Kawachikougyou	Osaka	718 million yen	15
④	2015	Syouseidensetu	Chiba	1,098 million yen	20
⑤	2016	Kyusetukougyou	Nagasaki	722 million yen	9
⑥	2017	Jinnouchikoumutenn	Saga	293 million yen	29
⑦	2018	Sanyudensetu	Fukushima	1,061 million yen	41
⑧	2018	Ergotech	Yokohama	7,672 million yen	143
⑨	2018	Seiwakougyou	Ibaragi	1,429 million yen	33

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.

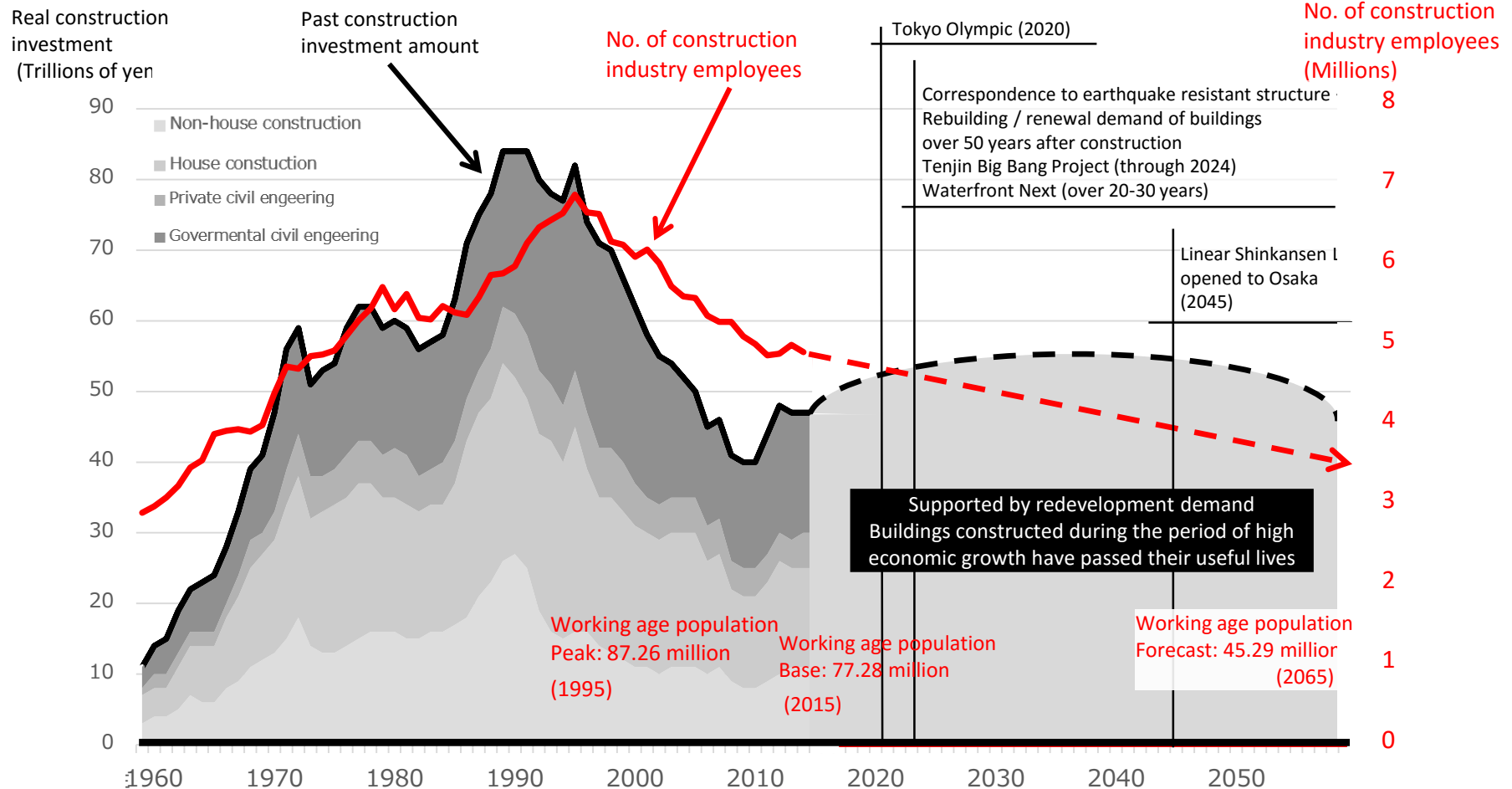
(The following expectations exclude the Ukujima project)

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



Post-2020 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.



Fukuoka Waterfront Next, Tenjin Big Bang

Relaxation of height restriction

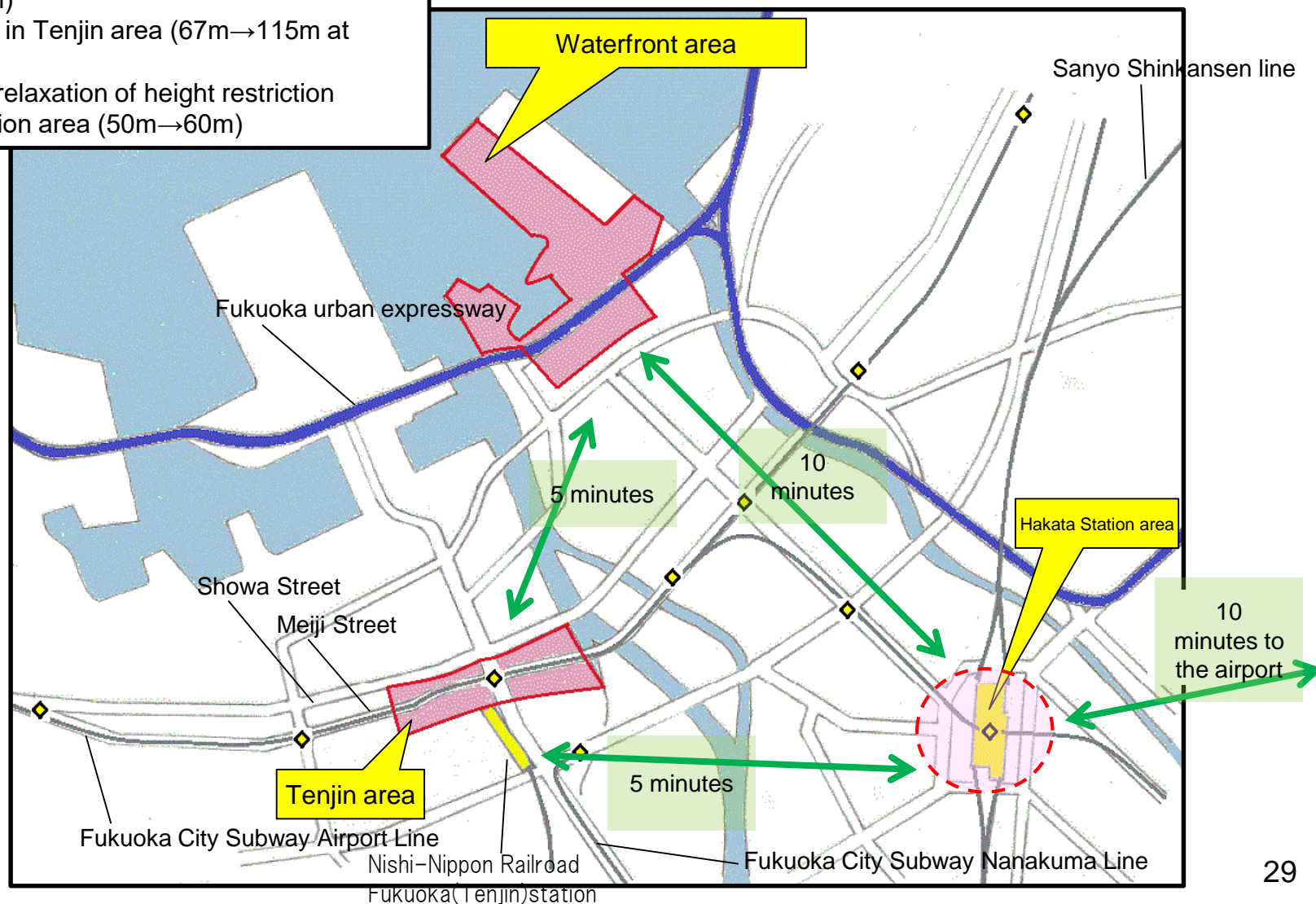
38 hectares in the waterfront area

(70m→100m)

1.7 hectare in Tenjin area (67m→115m at maximum)

Request for relaxation of height restriction

Hakata Station area (50m→60m)



Details of diverse business models (facility work)

	Business model	Characteristics	Targets	Competitors	Strengths of Kyudenko
A	Proposal and original contract type Increasing market share while keeping a firm foothold such as in Kyushu and Okinawa	<ul style="list-style-type: none"> One-stop construction of electricity, air and water facilities Sales of solutions Aftersales services Local based- business offices Engineer=salesperson Mid- and small-sized deals with high margins 	Ordinary companies: offices commercial facilities plants hospitals and others	Regional mid- and small-sized facility work operators construction companies Differentiation from large facility work operators	Engineers' recommendation ability Network of business offices Co-existence with communities
B	Sub-contract type Regionally expanding to Kansai, Tokai, Tohoku and Chugoku in addition to Tokyo Metropolitan Area	<ul style="list-style-type: none"> Subcontract from general contractors New construction ⇒ Maintenance Making suggestions for improvement during construction Large deals with low margins 	General contractors Design offices	Major facility work operators across the country Differentiation from mid- and small-sized facility work operators	Ability to collect workforce Ability of direct construction Cost competitiveness
C	Capital participation type Nationwide renewal energy development and energy service operations P F I	<ul style="list-style-type: none"> Capital participation in operations Participation in contractees Securing profits of constructions Bearing development risk Securing investment income 	Public sector, land owners, trading companies, developers, energy companies and others	<ul style="list-style-type: none"> General contractors developers, energy companies and others Differentiation from facility work operators	Experiences and know-how One-stop construction for electricity, air and water facilities Differentiation from competitors (possible to make independent judgments) Credibility from regions and existence