

FY2016

Results Highlights

May 12, 2017
Sanki Engineering Co., Ltd.

Summary of Financial Results (Compared to Plan)

SANKI

FY2016 was the first fiscal year of the Medium-Term Management Plan, “Century 2025” Phase 1

(Millions of yen)

Indicator	Value in plan (A) (Planned value for Phase 1)	Results (B)	Differential (B-A)
Net sales	185,000	168,500	(16,500)
Gross profit (margin)	22,000 (11.9%)	22,500 (13.4%)	(500) (+1.5pt)
Operating income (margin)	6,500 (3.5%)	6,000 (3.6%)	(500) (+0.1pt)
Ordinary income (margin)	7,000 (3.8%)	6,800 (4.1%)	(200) (+0.3pt)

Profit margin exceeds the plan across the board

Summary

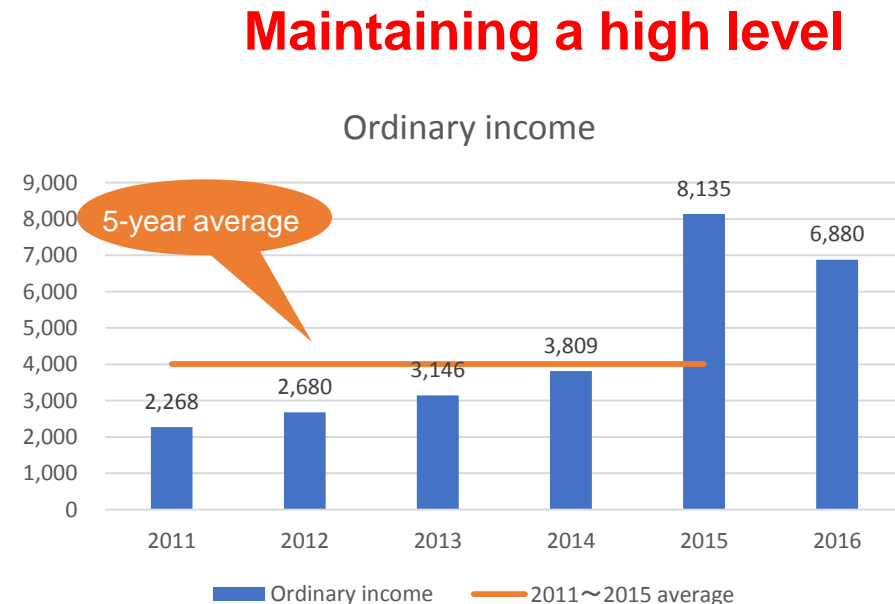
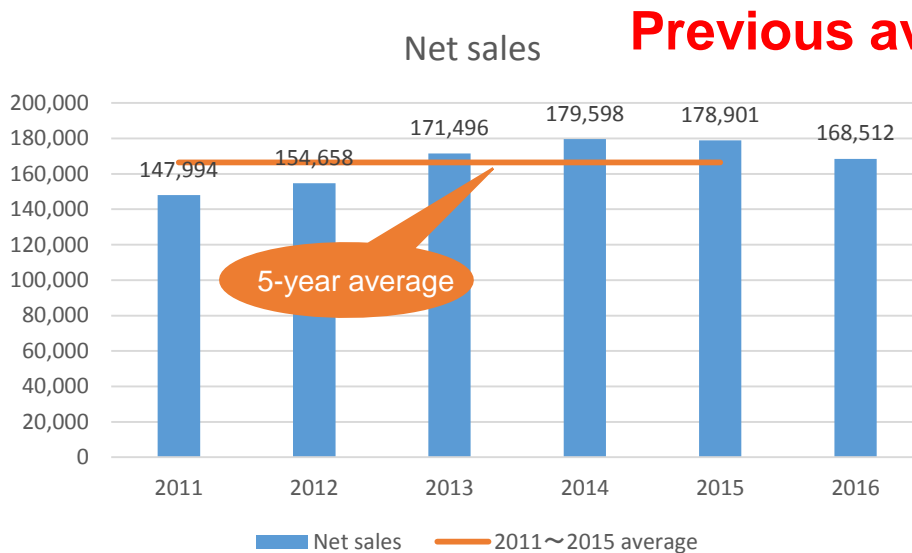
- Results remained at a high level, in spite of a fall in income and profit year on year
- Profitability increased. Gross profit margin was the highest in the last 10 years

⇒ Results seen from the goal of “enhancing quality” in “Century 2025” Phase 1

- Growth of Group companies was steady
 - Man power was maintained due to the focus on recruitment activities
 - Regular dividend + Extra dividend
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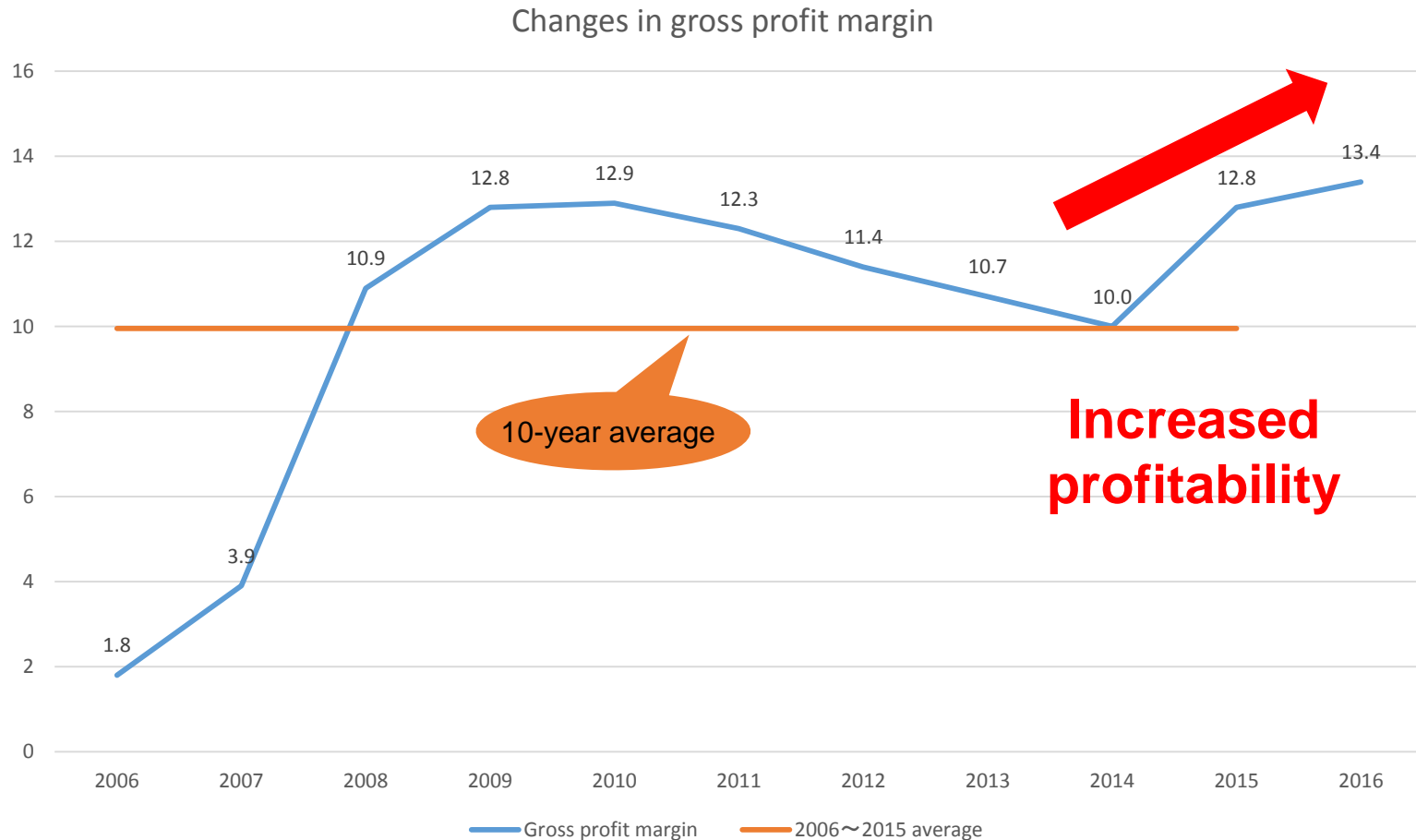
(Units: Fiscal year/million yen)



Strategy of “enhancing quality” without focusing on scale

Gross profit margin was the highest in the last 10 years

(Units: Fiscal year / %)



Individual Items

(Values to the left are from FY2015 and values to the right are from FY2016)

○Growth of Group companies was steady

Increased performance
(Transactions outside the group)

Net sales 16.5 billion yen ⇒ 17.8 billion yen
Gross profit margin 3.3 billion yen ⇒ 3.6 billion yen

*The above values are consolidated results with individual results deducted, which indicates the performance of group companies.

○Man power was maintained due to the focus on recruitment activities

Consolidated employees

2,309 ⇒ 2,339

○Regular dividend + Extra dividend

Regular dividend

18 yen ⇒ 20 yen

Extra dividend

10 yen

Total

30 yen (total amount is the same as the previous fiscal year)

Topics by Segment

○Facilities Construction Business

Strategically receive orders for **large-scale projects, which will form future stock**
Overhaul earnings
Increase works carried forward means contributions to sales and profit will be from FY2017 onwards

○Machinery Systems Business

Increase **“hybrid facilities”** projects, that combine robots with transport facilities
Respond to labor-saving requirements due to the declining birth rate

○Environmental Systems Business

Receive satisfactory orders, providing a pathway to recovery in results
Contributions from **first orders for DBO(*) waste treatment facility projects**

*DBO (Design Build Operate) is a means of achieving the private management of publicly owned facilities by placing a blanket order for design, building, operation, and maintenance with a private enterprise

Performance Plan for FY2017

(Millions of yen)

Indicator	2016 results (A)	Initial plan for 2017 (Planned value for Phase 1)	Amended plan for 2017 (B)	Differential ^(*) (B-A)
Net Sales	168,500	190,000	180,000	+11,500
Gross profit (margin)	22,500 (13.4%)	23,000 (12.1%)	24,000 (13.3%)	+1,500 (-0.1pt)
Operating income (margin)	6,000 (3.6%)	7,000 (3.7%)	7,000 (3.9%)	+1,000 (+0.3pt)
Ordinary income (margin)	6,800 (4.1%)	7,500 (3.9%)	7,500 (4.2%)	+700 (+0.1pt)

*Subtraction based on stated values

- Although the plan for the second year of “Century 2025” will see lower income than the initial plan, increased income and profit are planned on a year on year basis
- Projects for which orders have been received are plentiful at 123.7 billion yen (up 16.3% year on year)
- Gross profit margin is expected to decrease slightly due to sales of large-scale jobs