



# Engineering for the Future

Status of Business Progress  
in the Medium-Term Management Plan

**“Century 2025”Phase 2 FY2019**

May 15, 2020



**SANKI ENGINEERING CO., LTD.**

# [Consolidated Orders Received]

SANKI

SANKI VITAL PLAN

"Century 2025"

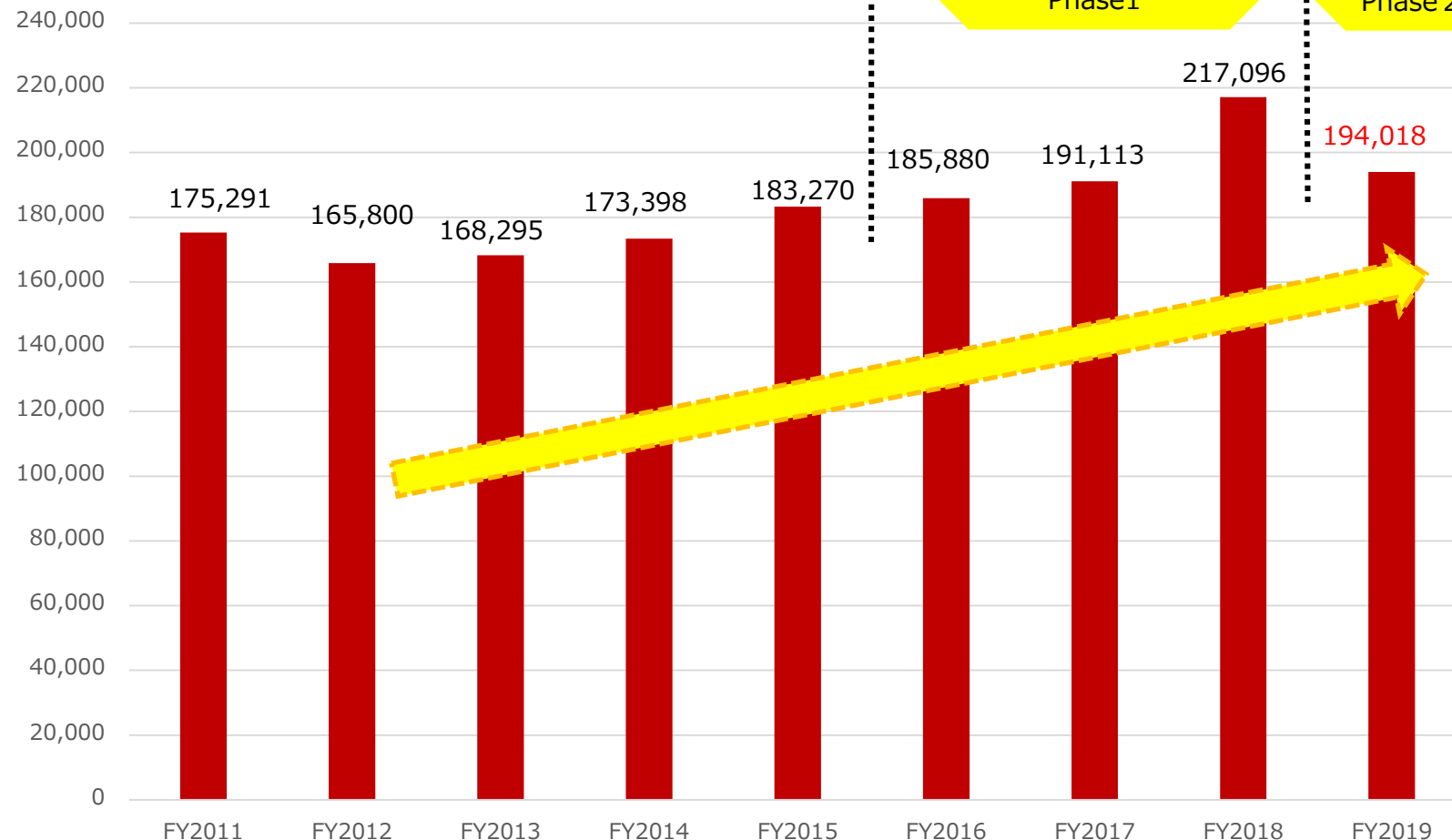
Until FY2025

Phase1

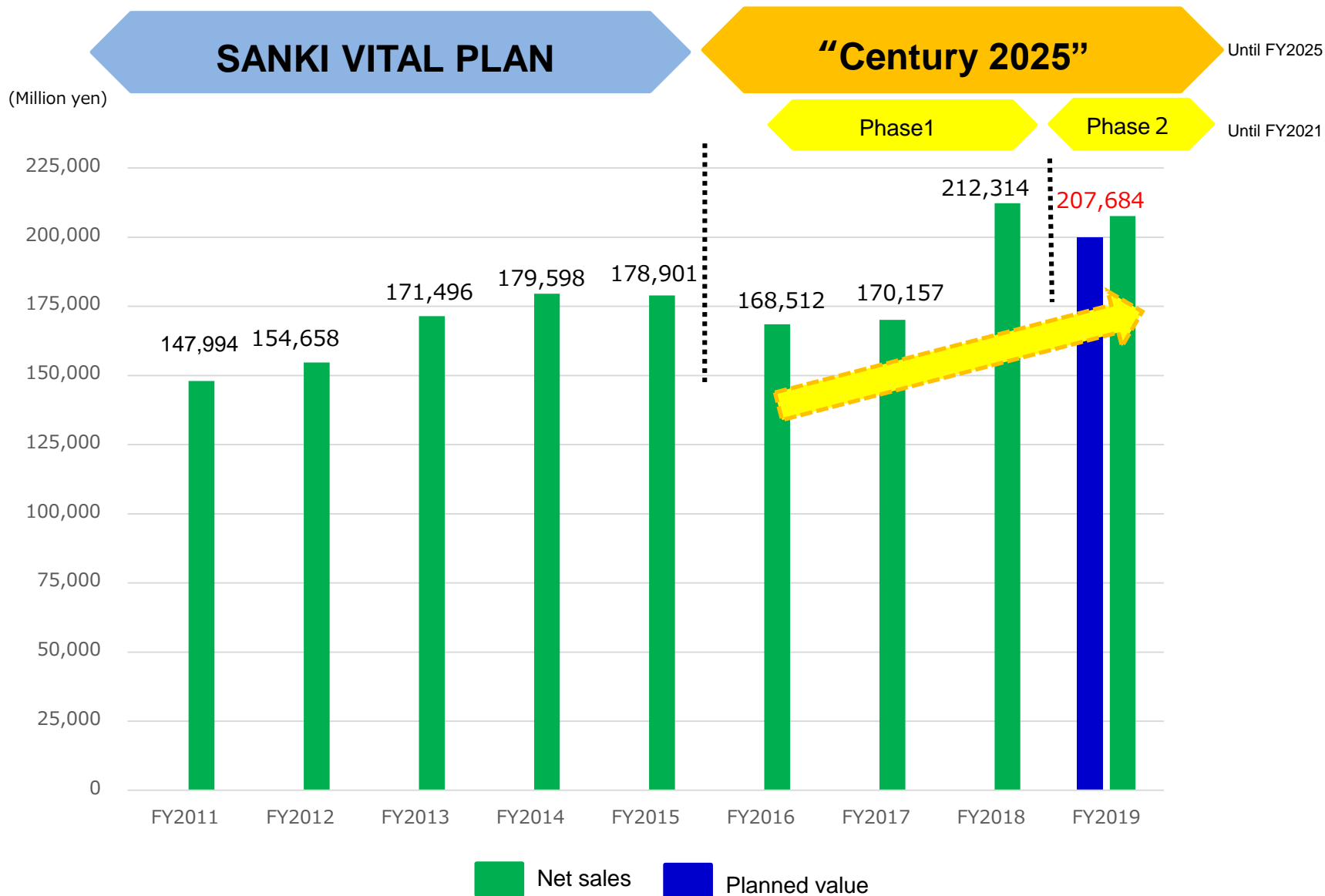
Phase 2

Until FY2021

(Million yen)



# [Consolidated Net Sales]



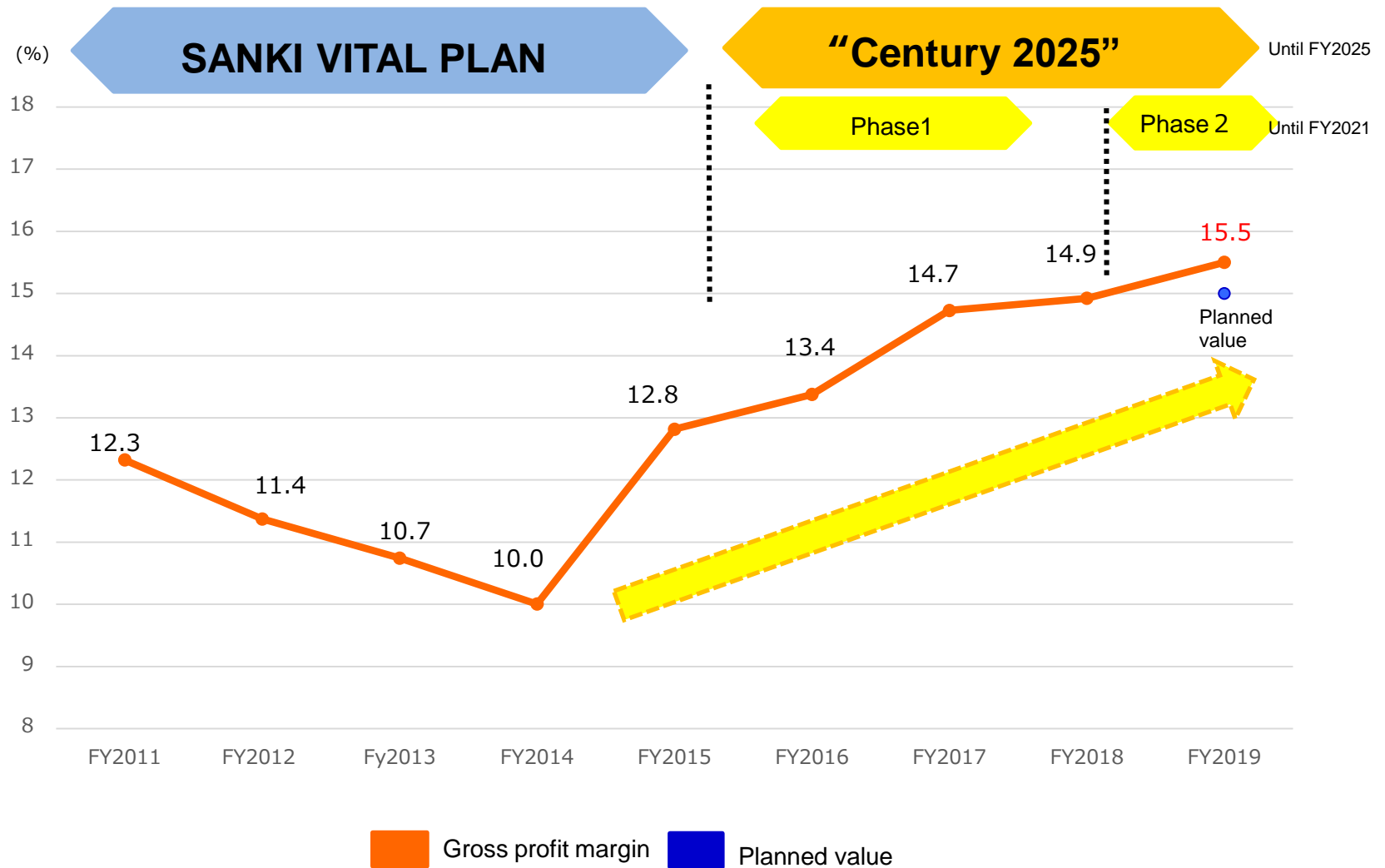
# [Consolidated Gross Profit]

SANKI

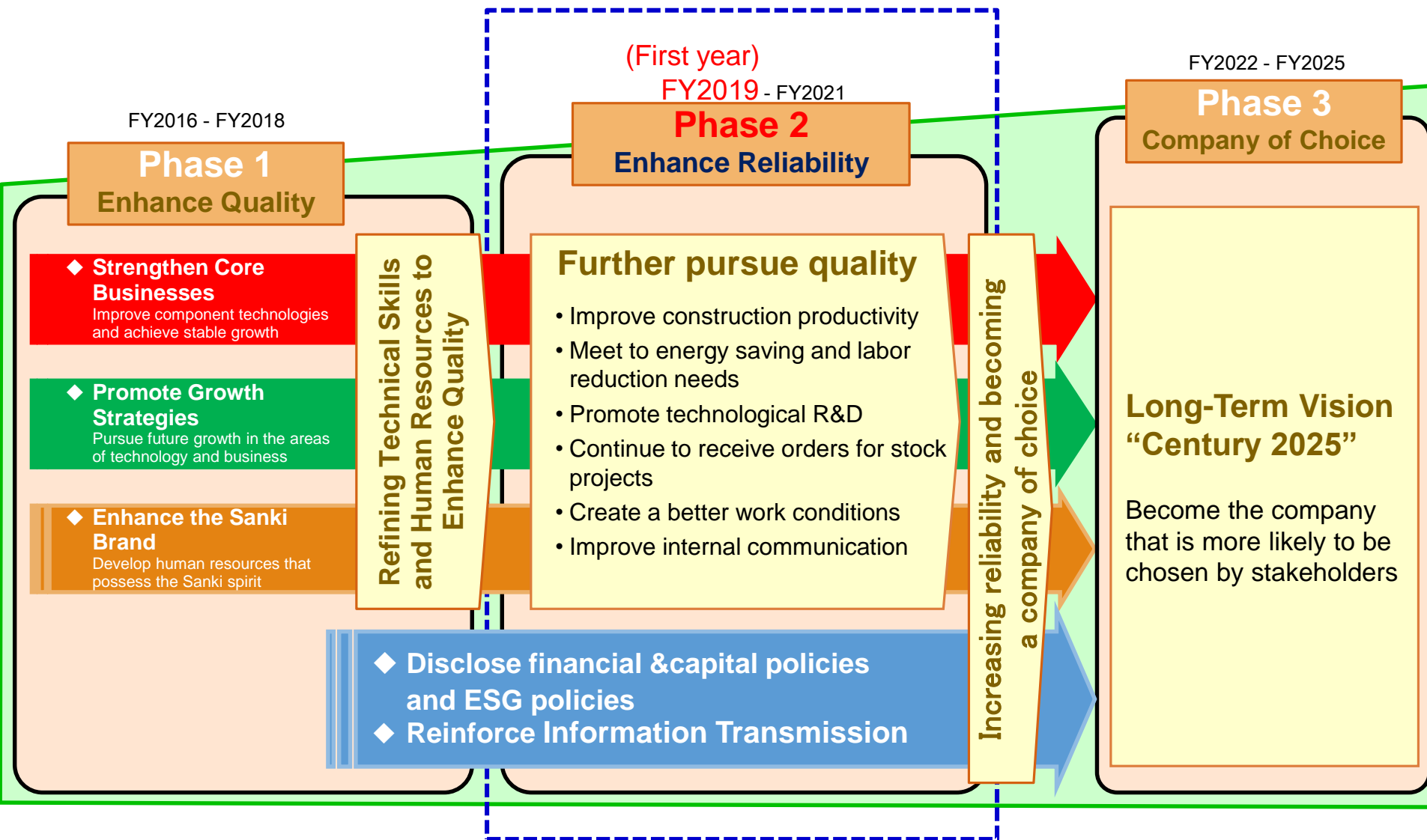


# [Consolidated Gross Profit Margin]

SANKI



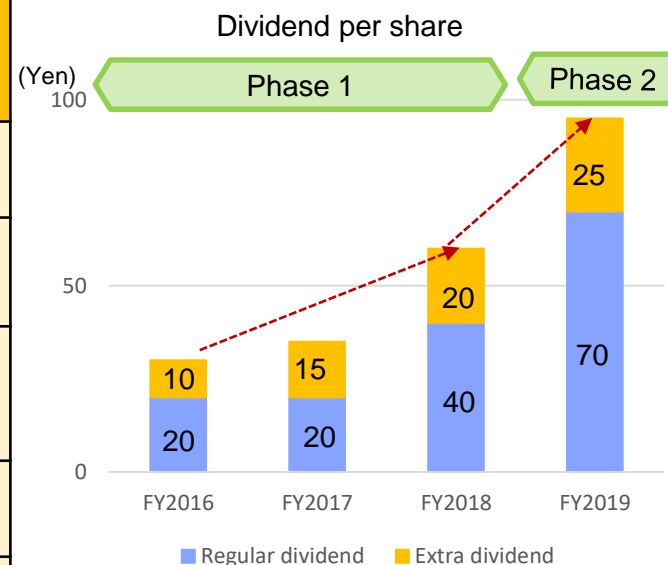
# [Positioning of the Long-Term Vision and Medium-Term Management Plan]



# [Phase 2] Performance Targets and Results SANKI

	Phase 2 (FY2019 to FY2021) targets			
	FY2019 targets	FY2019 results	FY2020 targets	FY2021 targets
Sales	200.0 billion yen	207.6 billion yen	200.0 billion yen	
Gross profit (margin)	30.0 billion yen (15%)	32.1 billion yen (15.5%)	31.0 billion yen (15.5%)	32.0 billion yen (16.0%)
Ordinary income (%)	9.00 billion yen (4.5%)	11.2 billion yen (5.4%)	9.5 billion yen (4.8%)	10.0 billion yen (5.0%)

	Phase 2 (FY2019 to FY2021) operating targets	FY2019 results
Operating profit ratio	5.0% or more (final fiscal year)	5.4%
Dividend	Annual dividend per share: 60 yen or more	Annual dividend: 95 yen
Acquisition of treasury stock	Approx. 5 million shares	Approx. 1.95 million shares
Total return ratio	70% or more	111.4%
ROE	8.0% or more (final fiscal year)	8.6%



## ◆ Strengthen Core Businesses (1)

### (1) Facilities Construction Business

Maintained solid results by ensuring appropriate work processes before orders are received and construction commences, by implementing next-generation site management systems such as work-sharing that leverages the rollout of on-site documents creation support systems, and by increasing the efficiency of allocation of personnel

- Reduced problems during construction
- Used the Sanki Techno Center to expand technology, skills, and safety management training
- Promoted work-style reforms for construction sites (through specialist site-support departments)
- Conducted cutting-edge job management using BIM
- Expanded application of energy-efficient construction technology in order to improve productivity



## ◆ Strengthen Core Businesses (2)

### (2) Facility Systems Business

- Rolled out new services by organizations that promote specialist consulting
- Developed construction departments in relation to BCPs, security, and central monitoring, etc.

### (3) Machinery Systems Business

- Commenced full-scale operation of the new Yamato Product Center (YPC) plant
- Promoted development of next-generation technologies such as hybrid systems that combine robotics and transport equipment, with a focus on the YPC

### (4) Environmental Systems Business

- Supported environmental social infrastructure that is essential to ensure stable lifestyles, and contributed to SDGs
- Conducted activities to receive orders for DBO projects for public facilities, and continuously expanded energy-saving and energy-producing projects

## ◆ Growth Strategy

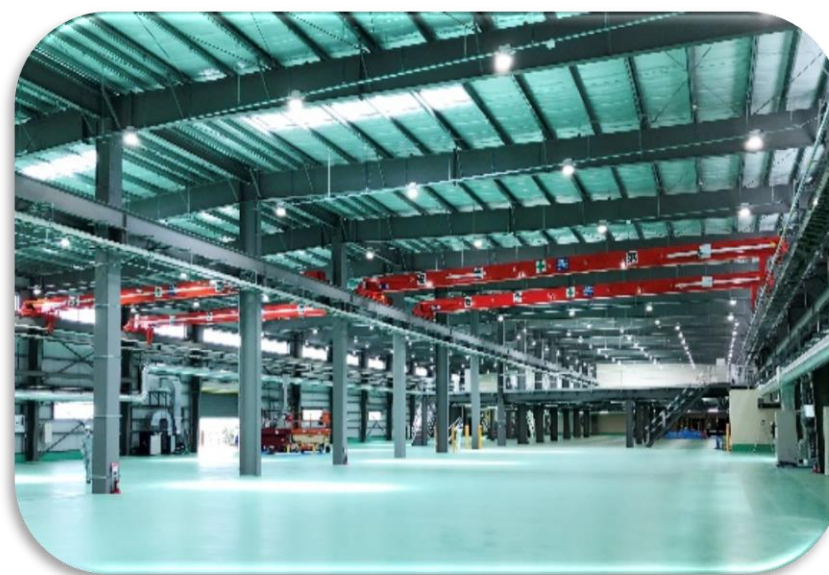
Full-scale operation of the Yamato Product Center

- Factory in Yamato City, Kanagawa Prefecture, operated by the Machinery Systems Business since September

⇒ Completion of the STeP project\*  
The series of improvements conducted from fiscal 2016 is complete.



<Yamato Product Center>  
Full-scale operation in September 2019



<Interior of the Yamato Product Center >

\* The STeP (Sanki Techno Park) Project  
A project to redevelop the land and buildings on the Sanki Yamato Site (the Sanki Yamato Building and the former Yamato Engineering Center), a real estate holding of Sanki Engineering.

## ◆ Enhance the Sanki Brand (1)

### Improve Technology



18<sup>th</sup> Electrical Construction  
Quality Competition

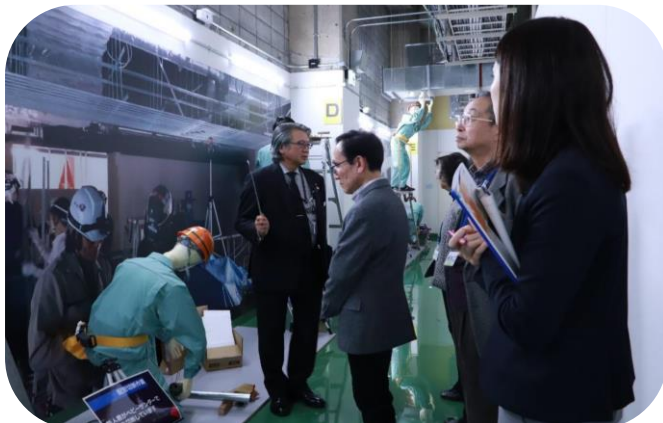


Special joint safety patrol



78<sup>th</sup> National Industrial Safety  
and Health Convention

### Social Contribution



Company and residents' conference



Area beautification activities  
(conducted at each location)

## ◆ Enhance the Sanki Brand (2)

### Smile Work Guidelines

Developed in order to facilitate more flexible work-styles as part of the Smile Project, which began in 2015.

#### <Basic Guidelines>

These guidelines outline basic principles to improve the environment in which all of the employees of the Sanki Group work together. We hope to create a comfortable and efficient workplace based on mutual respect.



1. Give due consideration to volume and difficulty of work assigned to employees with limited knowledge or experience, and promptly provide support without taking excessive time
2. Be aware of physical and mental differences, and give consideration to physical load, late-night work, and returning home, etc., for colleagues of a different gender
3. Be aware of the severity and situation of colleagues with physical or mental handicap, and give consideration to the content of work assigned to them
4. Be aware and interested in the different lifestyles, customs, and values, etc., of colleagues from overseas
5. Be aware of the life circumstances of each individual, irrespective of gender, and support each other

#### <Human resources Development Guidelines>

These guidelines outline basic principles for professional development in a range of situations and circumstances, not limited to relationships between managers and subordinates. Professional development allows the provision of safe and reliable equipment, goods, and services to customers, and as a result, to increase customer satisfaction and gain the trust of customers.

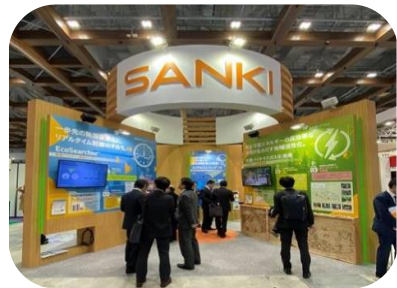
1. Educate each person as a member of society, rather than as a member of the Sanki Group
2. Be aware of improving long-term abilities without paying undue attention to the short-term concern of making an immediate impact, and conduct strategic education accordingly
3. Give appropriate instructions, remaining aware of individual characteristics such as beliefs, physical strength, knowledge, and experience
4. Regularly follow up to ensure that professional development is proceeding according to expectations. If professional development is not going well, eliminate the cause of such, and correct course without delay
5. Regularly conduct interviews, and ensure individuals track their own development. Work to ensure interactive communication with others while listening to their opinions and feelings

## ◆ ESG

	Status of Measures	
<p><b>E</b> Environment</p>	<ul style="list-style-type: none"> <li>• Chubu branch: Received Automotive Eco-Factory certification</li> <li>• Dispatched employees to the National Institute of Polar Research Japanese Antarctic Research Expedition</li> <li>• Continued contributions through SANKI YOU eco contribution points</li> </ul>	
<p><b>S</b> Society</p>	<ul style="list-style-type: none"> <li>• Developed the Company's original Smile Work Guidelines aimed at work-style reforms (see p12)</li> <li>• Held the 4<sup>th</sup> Ladies' Conference</li> <li>• Provided blood donation opportunities at the Sanki Techno Center (There is a shortage of blood for transfusions due to the impact of the novel coronavirus disease (COVID-19))</li> <li>• Scored 3.5 stars in the Nikkei Smart Work Survey</li> <li>• Continued to support culture and sport</li> </ul>	
<p><b>G</b> Governance</p>	<ul style="list-style-type: none"> <li>• Conducted ongoing activities based on the Sanki Engineering Corporate Governance Guidelines</li> </ul>	

## ◆ Strengthen dissemination of information

Increased dissemination of information through exhibitions, etc.



ENEX2020



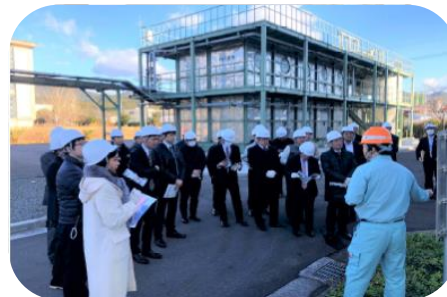
4th Smart Building Expo



Tokyo Bay Thanksgiving Festival 2019



Hakodate Water Expo 2019



3rd Kochi Future of Sewerage Symposium



New advertisement

## ○ Establishment of a response headquarters

The Company established a response headquarters led by the President, in order to review the Group's measures relating to preventing the spread of novel coronavirus disease (COVID-19) and responses and business continuation in the case of infection

## ○ Basic policy towards the government's declaration of a state of emergency

1. Basic code of conduct to prevent spread of infection
  - Do not go outside unless urgent and essential. Avoid the 3Cs
2. Emergency work systems
  - Identify important work and reduce work volume
  - Dispersed workplaces
  - Promote working from home
  - Implement staggered work times
3. Measures at construction sites
  - Also implement emergency work systems at construction sites
  - Consult with clients and contractors with regard to the continuation of work depending on the circumstances of individual jobs
  - Share information with partners and affiliates based on the results of consultations

## ○ Impact on results

Although results have been incorporated that take into account the impact of the novel coronavirus pandemic on business, business results may be further impacted due to future spread of the impact of the novel coronavirus pandemic.

## Remarks on Business Forecast

The descriptions contained in these materials, except for those as to past or present facts, are based on anticipations, assumptions, evaluations and estimations in light of the information available as of May 15, 2020.

Therefore, the actual results may differ from those presented herein as a consequence of various factors, including uncertainties and prospective changes in the economic environment.

<Major factors>

- Credit exposures of client companies.
- Sudden changes in material and equipment cost and labor cost.
- Stock Market fluctuations.
- Increase in retirement benefits or debts.
- Country risk.
- Accident or disaster in facilities construction and other.
- Outbreak of the unprofitable project.
- Risk in the Real Estate Business.
- Risk of legal action.
- Risk of legal regulation.
- Outbreak to the natural disasters.
- Fluctuations in private capital investment

For inquiries, please contact:

Corporate Communications  
Department

TEL: +81-3-6367-7041