
The 3rd Quarter FY2014 Summary of Financial Results

Feb. 9, 2015

Sanki Engineering Co., Ltd.

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The 3rd quarter FY 2014 Results (Consolidated)

(Millions of yen)

	Dec. 2013	Dec. 2014	Year on year	Rate of change (%)
Orders brought forward	111,420	108,219	(3,200)	(2.9)
Orders received	122,212	137,172	14,960	12.2
Orders carried forward	125,342	122,738	(2,603)	(2.1)
Sales	108,289	122,653	14,363	13.3
Gross profit	9,287	9,678	391	4.2
Gross profit margin	8.6%	7.9%	(0.7)%	—
Gross profit margin of Facilities Construction Business and Plants & Machinery Systems Business*	8.4%	7.8%	(0.6)%	—
Selling, general and administrative expenses	11,274	11,183	(90)	(0.8)
Operating income	(1,986)	(1,504)	481	—
Ordinary income	(1,552)	(713)	839	—
Net income	(924)	(207)	716	—

*Plants & Machinery Systems Business : Machinery Systems Business and Environmental Systems Business.

Orders Received by Segment (Consolidated)

(Millions of yen)

Segment		Dec. 2013	Dec. 2014	Year on year	Rate of change (%)
Orders received	Facilities Construction	103,505	118,689	15,183	14.7
	Machinery Systems	6,937	4,492	(2,445)	(35.2)
	Environmental Systems	10,970	13,271	2,300	21.0
	Sub-total	121,414	136,453	15,039	12.4
	Real Estate	807	912	104	12.9
	Others	436	353	(83)	(19.1)
	Adjustments	(446)	(546)	(99)	—
	Total	122,212	137,172	14,960	12.2
Orders carried forward	Facilities Construction	100,372	103,209	2,837	2.8
	Machinery Systems	7,244	2,722	(4,522)	(62.4)
	Environmental Systems	17,788	16,979	(809)	(4.5)
	Sub-total	125,404	122,910	(2,493)	(2.0)
	Real Estate	—	—	—	—
	Others	112	83	(29)	(25.9)
	Adjustments	(174)	(255)	(81)	—
	Total	125,342	122,738	(2,603)	(2.1)

Orders Received by Business Area (Consolidated)

(Millions of yen)

Business		Dec. 2013	Dec. 2014	Year on year	Rate of change (%)
	HVAC and plumbing for Buildings	53,866	57,864	3,997	7.4
	Industrial HVAC	28,617	34,485	5,868	20.5
	Electrical Systems	13,806	19,218	5,412	39.2
	Smart Building Solutions	3,290	2,474	(815)	(24.8)
	Facility Systems	3,925	4,646	721	18.4
Facilities Construction Business total		103,505	118,689	15,183	14.7
	Machinery Systems	6,937	4,492	(2,445)	(35.2)
	Environmental Systems	10,970	13,271	2,300	21.0
Plant & Machinery Systems Business total		17,908	17,763	(144)	(0.8)
Sub-total		121,414	136,453	15,039	12.4
Real Estate		807	912	104	12.9
Others		436	353	(83)	(19.1)
Adjustments		(446)	(546)	(99)	-
Total		122,212	137,172	14,960	12.2

Orders Received by Type

(%. Millions of yen)

	Dec. 2013	Dec. 2014	Year on year
* Construction orders received from general contractor (Non-consolidated)	50.9	50.7	(0.2)
Construction orders received from overseas project (Consolidated)	2.2	1.6	(0.6)
Renewal construction (Consolidated)	54.0	54.9	0.9
<Ref.> Orders received for renewal construction (Consolidated)	66,035	75,370	9,335
<Ref.> Sales for renewal construction (Consolidated)	58,901	59,043	142

*The ratios and amounts are those in Facilities Construction Business unit.

Quarterly Results (Consolidated)

(単位:百万円)

	FY 2013				FY 2014		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Orders received	40,928	45,740	35,543	46,083	42,489	38,758	55,923
Sales	29,463	37,544	41,281	63,206	32,825	42,682	47,145
Gross profit	1,771	3,381	4,134	9,135	1,700	3,224	4,753
Gross profit margin	6.0%	9.0%	10.0%	14.5%	5.2%	7.6%	10.1%
Selling, general and administrative expenses	3,809	3,884	3,579	4,330	3,786	3,845	3,552
Operating income (loss)	(2,037)	(503)	554	4,805	(2,085)	(620)	1,201
Operating profit margin	(6.9)%	(1.3)%	1.3%	7.6%	(6.4)%	(1.5)%	2.5%
Ordinary income (loss)	(1,713)	(406)	567	4,699	(1,846)	(478)	1,612
Extraordinary income (gain)	6	(42)	(1)	29	—	18	116
Net income (net loss)	(1,043)	(244)	363	2,687	(1,215)	(111)	1,119
Provision for loss on construction contracts (balance at the end of period)	481	577	600	567	724	1,236	989
Provision (or reversal of provision) for loss (gain) on construction contracts	(319)	95	22	(33)	157	511	(246)
Balance carried forward (at the end of period) subjected to provision for loss on construction contracts	4,300	5,100	4,900	5,500	7,300	8,100	5,300

Profit and loss by Segment (Consolidated)

(Millions of yen)

Segment		Dec. 2013	Dec. 2014	Year on year	Rate of change (%)
Sales	Facilities Construction	91,728	104,215	12,487	13.6
	Machinery Systems	6,724	7,437	713	10.6
	Environmental Systems	9,286	10,256	970	10.4
	Sub-total	107,738	121,909	14,171	13.2
	Real Estate	807	912	104	12.9
	Others	442	364	(77)	(17.6)
	Adjustments	(699)	(533)	166	—
	Total	108,289	122,653	14,363	13.3
Segment Profit (loss)	Facilities Construction	(1,356)	(987)	369	—
	Machinery Systems	(158)	20	179	—
	Environmental Systems	(943)	(797)	146	—
	Sub-total	(2,458)	(1,763)	695	—
	Real Estate	114	176	62	54.3
	Others	46	35	(10)	(22.5)
	Adjustments	745	838	92	—
	Total	(1,552)	(713)	839	—

Balance Sheet (Consolidated)

(Millions of yen)

	End of FY 2013	End of Feb 2014	Year on year	Rate of change (%)	End of Feb 2013
Current assets	115,941	108,881	(7,059)	(6.1)	99,331
Non-current assets	54,239	55,602	1,362	2.5	60,402
Investment securities	31,283	36,172	4,889	15.6	33,992
Current liabilities	78,736	68,849	(9,887)	(12.6)	64,946
Provision for loss on construction contracts	567	989	422	74.6	600
Non-current liabilities	16,526	17,131	604	3.7	18,027
Net assets	74,917	78,503	3,585	4.8	76,759
Valuation difference on available-for-sale securities	9,095	12,279	3,183	35.0	10,668
Total net assets	170,181	164,484	(5,696)	(3.3)	159,733
Book-value per share (yen)	1,142.74	1,234.65	91.91	8.0	1,170.84
Capital adequacy ratio (%)	44.0	47.7	3.7	–	48.0
Interest-bearing liabilities (consolidated)	6,576	5,662	(914)	(13.9)	5,973

FY 2014 Forecast (Consolidated)

(Millions of yen)

	FY 2013 (result) A	Forecast Nov. 10, 2014 B	Forecast Feb. 9, 2015 C	Diff. C - A	Diff. C - B
Orders received	168,295	175,000	175,000	6,705	—
Sales	171,496	180,000	180,000	8,504	—
Operating income	2,818	3,200	3,200	382	—
Ordinary income	3,146	3,500	3,500	354	—
Net income	1,763	2,200	2,200	437	—

Statement of Profit and loss (Consolidated)

(Millions of yen)

	Dec. 2013	Ratio (%)	Dec. 2014	Ratio (%)	Diff.	Rate of change (%)
Sales	108,289	100.0 ^(A)	122,653	100.0 ^(D)	14,363	13.3
Completed construction contracts ⁽¹⁾	107,418	[99.2] ^(B)	121,670	[99.2] ^(E)	14,251	13.3
Real estate and others ⁽²⁾	870	[0.8] ^(C)	982	[0.8] ^(F)	111	12.9
Gross profit	9,287	8.6	9,678	7.9	391	4.2
Completed construction contracts ⁽³⁾	9,057	(8.4) ^{*1}	9,433	(7.8) ^{*3}	376	4.2
Real estate and others ⁽⁴⁾	229	(26.4) ^{*2}	245	(24.9) ^{*4}	15	6.7
Selling, general and administrative expenses	11,274	10.4	11,183	9.1	(90)	(0.8)
Operating income	(1,986)	(1.8)	(1,504)	(1.2)	481	—
Non-operating income	991	0.9	1,150	0.9	159	16.1
Non-operating expenses	557	0.5	359	0.3	(197)	(35.5)
Ordinary income	(1,552)	(1.4)	(713)	(0.6)	839	—
Extraordinary gains	181	0.1	—	—	(181)	—
Extraordinary losses	143	0.1	134	0.1	(8)	(6.3)
Income before income taxes and minority interests	(1,515)	(1.4)	(848)	(0.7)	667	—
Net income	(924)	(0.9)	(207)	(0.2)	716	—

(A)(B)(D) and (E) indicate composition ratio. (A)=(B)+(C), (D)=(E)+(F)

*1-4 indicate each profit margin. *1 = (3)/(1), *2=(4)/(2), *3=(3)/(1), *4=(4)/(2)

Profit and loss (Non-consolidated)

(Millions of yen)

	Dec. 2013	Ratio (%)	Dec. 2014	Ratio (%)	Diff.	Rate of change (%)
Sales	98,548	100.0 ^(A)	112,413	100.0 ^(D)	13,865	14.1
Completed construction contracts ⁽¹⁾	97,741	[99.2] ^(B)	111,501	[99.2] ^(E)	13,760	14.1
Real estate and others ⁽²⁾	807	[0.8] ^(C)	912	[0.8] ^(F)	104	12.9
Gross profit	7,626	7.7	7,871	7.0	244	3.2
Completed construction contracts ⁽³⁾	7,454	(7.6) ^{*1}	7,693	(6.9) ^{*3}	238	3.2
Real estate and others ⁽⁴⁾	171	(21.3) ^{*2}	177	(19.5) ^{*4}	5	3.3
Selling, general and administrative expenses	10,358	10.5	10,223	9.1	(134)	(1.3)
Operating income	(2,732)	(2.8)	(2,352)	(2.1)	379	–
Non-operating income	1,376	1.4	1,583	1.4	206	15.0
Non-operating expenses	576	0.6	374	0.3	(201)	(35.0)
Ordinary income	(1,931)	(2.0)	(1,143)	(1.0)	787	–
Extraordinary gains	181	0.2	–	–	(181)	–
Extraordinary losses	143	0.1	134	0.1	(9)	(6.3)
Income before income taxes and minority interests	(1,894)	(1.9)	(1,278)	(1.1)	615	–
Net income	(1,009)	(1.0)	(378)	(0.3)	630	–

(A)(B)(D) and (E) indicate composition ratio. (A)=(B)+(C), (D)=(E)+(F)

*1-4 indicate each profit margin. *1 = (3)/(1), *2=(4)/(2), *3=(3)/(1), *4=(4)/(2)

Thank you for your kind attention.

Remarks on Business Forecast

The descriptions contained in this material, 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 Feb.9, 2015.

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>

- Overall economic impact of natural disasters and other.
- Sudden changes in demand in main markets (especially construction market in Japan).
- Credit exposure of client companies.
- Sudden changes in material and equipment cost and labor cost.
- Stock market fluctuations.
- Increase in retirement benefits and debt.
- Accident and disaster in Facilities construction and other.
- Risk in Real Estate Business.
- Risk in Regal action.

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