

時代にまっすぐ、技術にまじめです。

Fiscal year ended March 31, 2013

Earnings Announcement

Hibiya Engineering, Ltd.

May 20, 2013

Financial Summary Fiscal Year 2013/3

Financial Highlights (Consolidated)

Orders received and sales revenues due to business activities undertaken in accordance with the Medium-term Management Plan both exceeded the previous and Plan levels and although income did not reach Plan targets year-on-year growth was achieved.

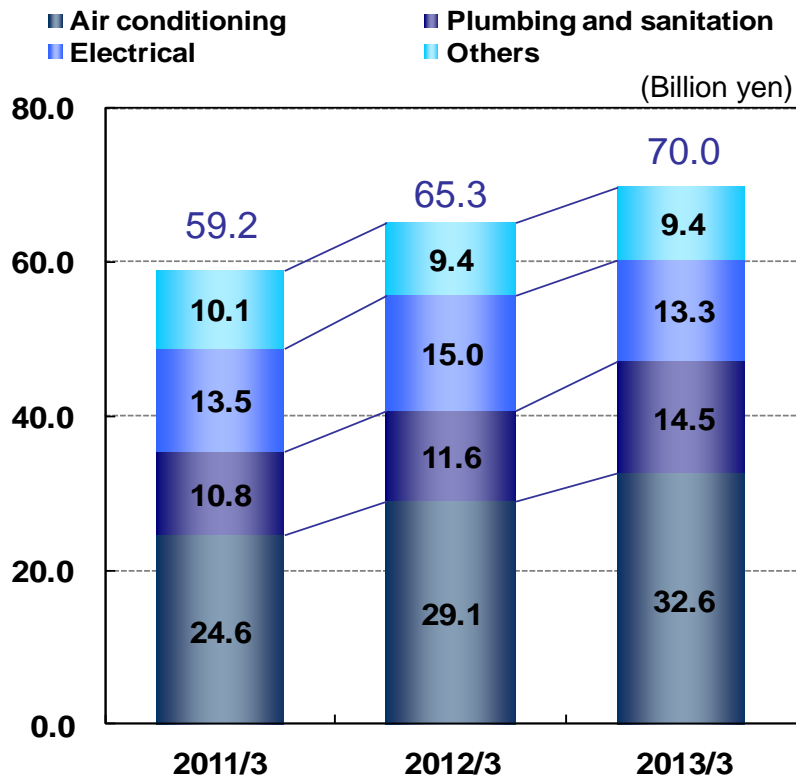
(Billion yen)

	2011/3 (actual)	2012/3 (actual)	2013/3 (actual)	YoY (%)	2013/3 (plan)
Orders Received	59.2	65.3	70.0	+7.2%	69.0
Net sales	58.3	60.9	66.3	+8.9%	66.0
Operating Income	2.5	1.7	2.0	+17.7%	2.5
Ordinary Income	4.2	2.8	2.8	-1.3%	3.5
Net Income	3.0	1.6	1.8	+9.0%	2.0

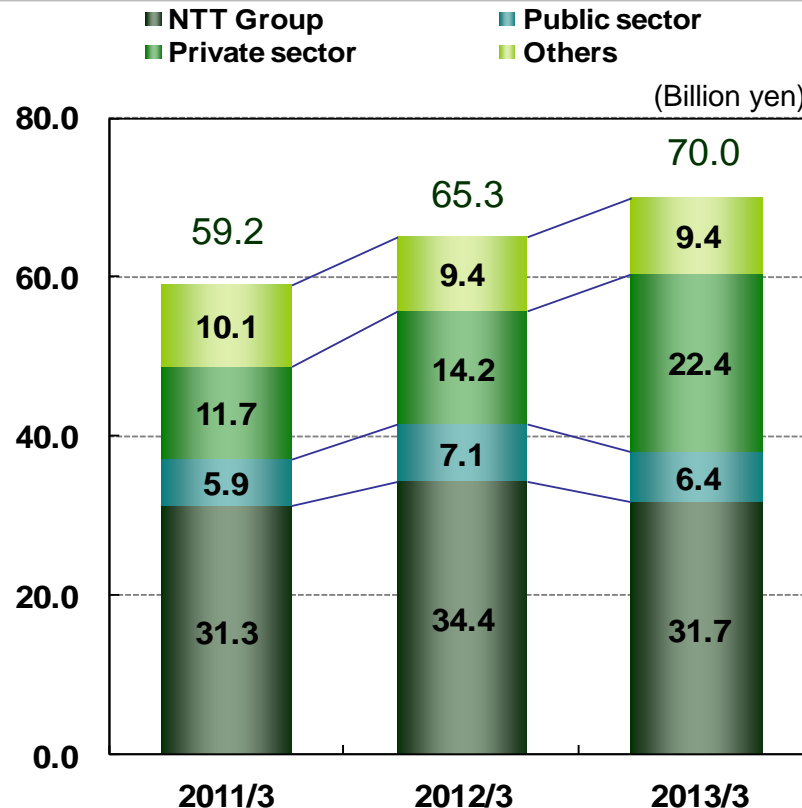
Orders Received by Category & by Customer (Consolidated)

Positive development of the Solutions business resulted in private sector orders received rising sharply for the third consecutive year and exceeding the 70 billion yen level

By category



By customer



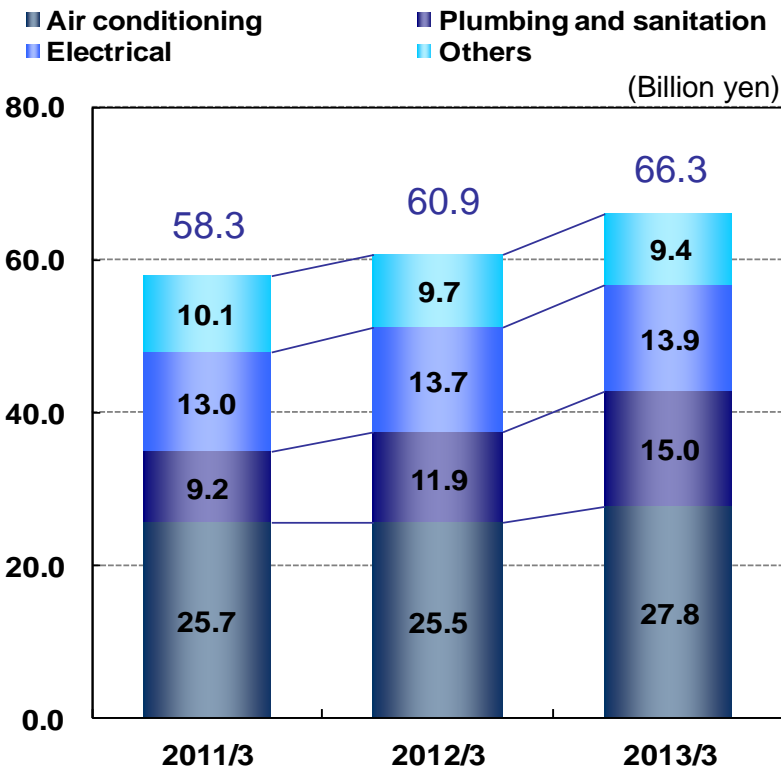
*Others are orders received at group companies other than Hibiya Engineering.

Sales by Category & by Customer (Consolidated)

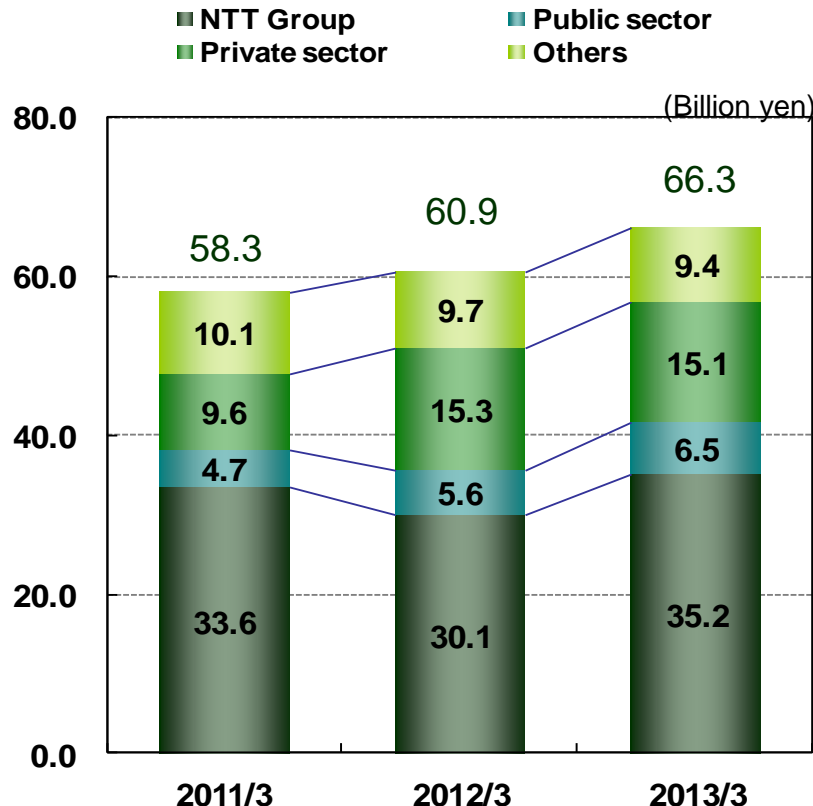


The combination of order growth and growth in work carried forward from the previous fiscal year resulted in substantial growth in revenues

By category



By customer



*Other orders are orders received at group companies other than Hibiya Engineering.

Summary Income Statements (Consolidated)



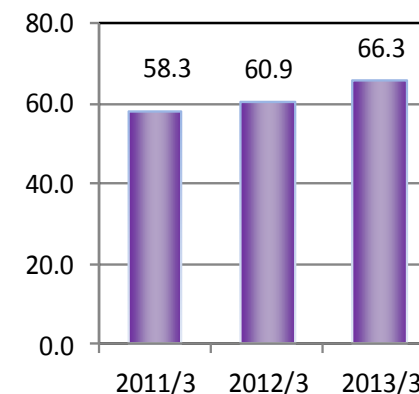
Growth in earnings was achieved in a fiercely competitive environment, by continuing to minimize the decline in the gross margin by squeezing input costs/cost of goods sold and cutting SG&A costs

(Billion yen)

	2011/3 (actual)	2012/3 (actual)	2013/3 (actual)
Net sales	58.3	60.9	66.3
Cost of sales	48.7	52.4	57.5
Gross profit	9.5	8.5	8.7
Gross profit margin	16.4%	14.0%	13.2%
SG&A expenses	6.9	6.7	6.7
Operating income	2.5	1.7	2.0
Non-operating income	1.7	1.1	0.8
Ordinary income	4.2	2.8	2.8
Extraordinary income	0.1	0.1	0.1
Income taxes	1.3	1.4	1.1
Net income	3.0	1.6	1.8

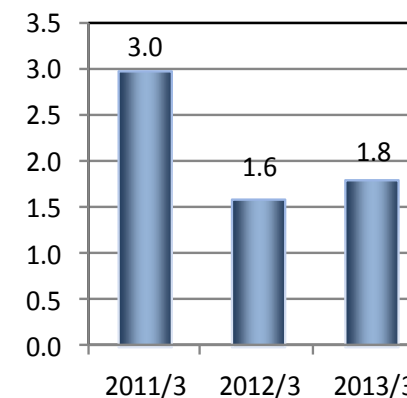
Net sales

(Billion yen)



Net income

(Billion yen)



Earnings Distributions to Shareholders

Dividends

Fundamental policy

- Stable earnings distributions for shareholders
- Will base dividends on the consolidated dividends on equity (DOE) ratio

Fiscal year ended March 2013

- Annual dividend per share 30 yen (interim and final dividend per share both 15 yen)

Repurchase and retirement of stock

Fundamental policy

- Hibiya Engineering will continue to repurchase stock in a flexible manner as part of measures to distribute earnings to shareholders.
- Treasury stock will not be retired on the premise that the shares will be used effectively in the future.

Fiscal year ended March 2013 Percentages in brackets are achievement rates against set quota levels

- Plan for full year: 1 million shares
- Repurchased in FY2013/3: 850,800 shares (85.1%)
*Includes 185,000 shares by off-floor purchase

Forecast for 2014/3 (Consolidated)

<Final year of 4th Medium-term Management Plan>

(Billion yen)

	2012/3 (A)	2013/3 (A)	2014/3 (F) (Target of the Plan)
Orders Received	65.3	70.0	73.0
Net sales	60.9	66.3	70.0
Operating Income	1.7	2.0	2.5
Ordinary Income	2.8	2.8	3.5
Net Income	1.6	1.8	2.0

Dividends and repurchase of stock

- Dividend per share (forecast)
Annual dividend per share 30 yen (interim and final dividends per share both 15 yen)
- Acquisition of treasury shares
Annual acquisition levels set 500,00 shares/500 million yen

The Fourth Medium-term Management Plan Progress and Major Initiatives

The Fourth Medium-term Management Plan



(April 2011 – March 2014)

Fundamental policy

- Increase orders received while preserving profitability
- Achieve steady growth of newly launched businesses and seek more business opportunities

Fundamental Strategies

Mega-trends

Cloud computing

Green innovation

Smart cities

Health care

Globalization

BCP

Hibiya Engineering strengths

Technology for renovations using existing facilities

Green engineering/ICT engineering skills/A broad-based value chain/Excellent safety and quality

Leverage strengths

Data centers
Manufacturing equipment
Academic facilities
Office buildings
Health care and welfare facilities
U.S. military

Target growing markets

Smart city creation
Health care domain
Overseas expansion

Priority domains, etc.

【Results to date】

- With megatrends materializing, the Solutions and NTT Corporation businesses are growing orders received through steady development

【Indicators for final year of Medium-term Plan】

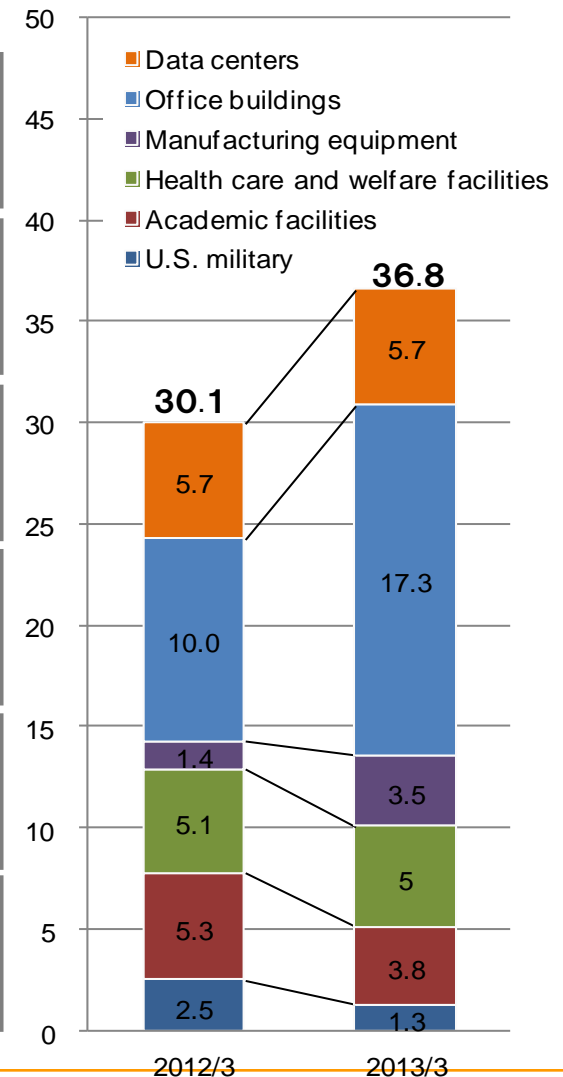
- Materialization of energy/smart business
- Creation of further synergies by group coordination
- Evolution into a comprehensive engineering services company

- **Capture orders by significantly enlarging the customer base by targeting mega-trends.**
 - Increase orders in priority domains
 - Focusing on solution-based sales activities
 - * Eliciting customer needs with a operational style that discovers solutions strategies along with proposals that exploit the strengths of our company
 - Collaborative sales activities with the NTT Group
 - * Developing private sector markets by boosting information/data exchanges and coordinated business activities with all NTT group companies
- **Get new businesses off the ground**
- **Expand overseas operations**
- **Pursue a more sophisticated strategy regarding technology**
- **Build a stronger base of operations for the group**

Increase orders in priority domains

(Billion yen)

Priority domains	Initiatives	Results
Data centers ¥5.7 billion	Proposals business for DC operators Highlighting appeal of rich, ongoing and comprehensive construction project knowhow	NTT Group data center(s) Renewal of server room air-conditioning for local government (Hiroshima)
Office buildings ¥17.3 billion	Effective exploitation of existing channels to PM companies, real-estate companies, etc. Proposals business as linchpin for application of subsidies/assistance funds	Large scale building redevelopment projects (Tokyo) Installation of highly-efficient air-conditioning equipment (Hokkaido)
Manufacturing equipment ¥3.5 billion	Highlighting appeal of renewal energy utilization technologies owned by the company Proposals to gain access to energy diagnoses, etc.	Solar power generating equipment (Hokkaido, Iwate, etc.) Auto parts plant energy saving diagnosis (Ibaraki)
Health care and welfare facilities ¥5.0 billion	Business triggered by BCP/energy-saving exploitation technologies Exploiting subsidies and links with leasing companies	New construction of private sector hospitals (Shizuoka, Hyogo) Repair work on air-conditioning systems in medical university buildings (Tokyo))
Academic facilities ¥3.8 billion	Developing energy security businesses targeted at universities Emphasising appeal of project results and quality by continuous stream of orders	NTT Group training centers New build for national universities (Miyagi, Aichi, Kumamoto)
U.S. military ¥1.3 billion	Positive participation in large-scale construction projects exploiting Group's comprehensive strengths Expanding bases designated for exploiting results and experience	New build for educational facilities within Yokota base site Internal facilities within Zama, Iwakuni and other bases



Focusing on solution-based sales activities



■ Solution-based sales performance

Orders received: ¥10.2 billion
Sales proposals: 382
(48 consultation orders and 237 construction orders)

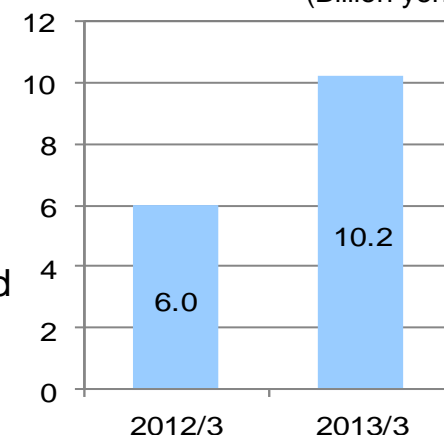
■ Major solution-based sales initiatives

- Achieving continuous orders for renewal projects for energy-saving-related subsidy proposals
 - Exploiting subsidies from METI, Ministry of Land, Infrastructure, Transport and Tourism, Ministry of the Environment and other government departments
- Proposals for energy-saving and BCP, etc. targeted at production facilities generated as a result of coordination within the Group **<Example on page 11>**

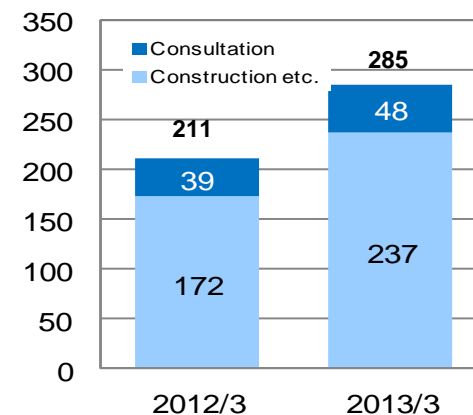
■ Future initiatives, etc.

- Nationwide development of solutions proposals utilizing key technologies in key areas
 - Energy visualization/management, energy-saving repairs, BCP countermeasures, etc.
- Creating plans for equipment diagnostics and consulting services, etc. for existing clients
 - Development focused on NTT Group companies, office buildings and educational facilities, etc.

Solution-based sales
(Billion yen)



Number of orders received



Progress for Solutions business(examples)

- Energy-saving projects for production facilities arising from Group coordination

■ Implementation of energy-saving projects for production facilities in cooperation with HIT Engineering

*HIT Engineering is a wholly-owned subsidiary of the company

Progress with energy-saving and CO2 emissions reduction

- Analysis of energy used by each production line
- Renewal of systems to energy-saving products and highly efficient systems

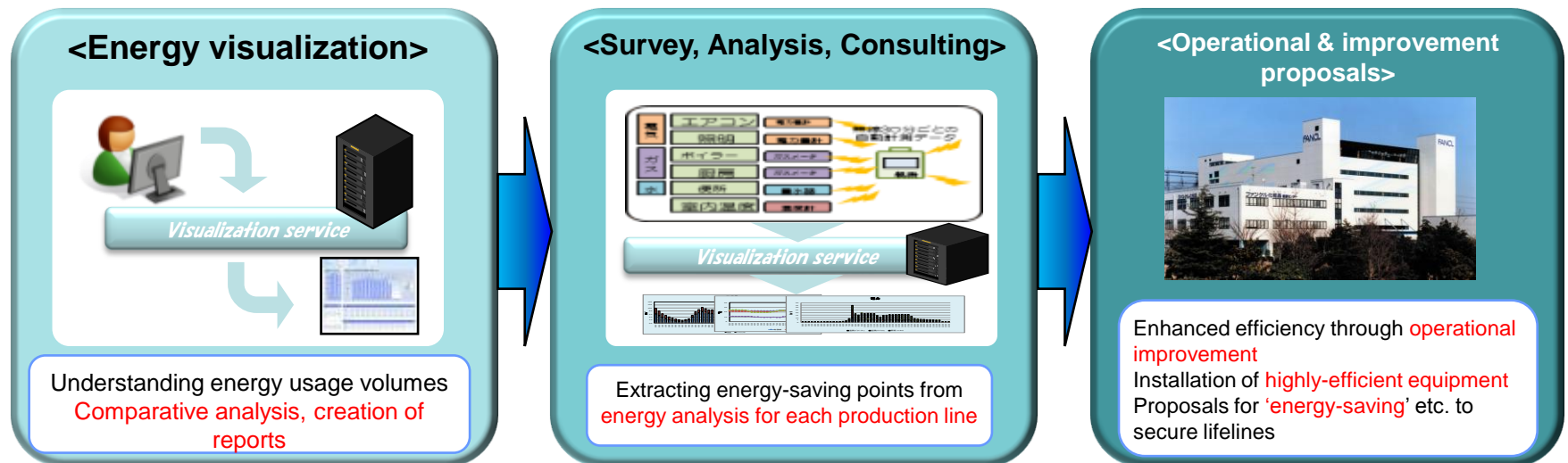
Upgrading of energy management

- Installation of “Energy visualization” systems
- Reduction in energy (utilization) by improvement in production activities

BCP countermeasures

- “Energy creation” proposals for electric power generation by utilizing waste heat
- Raising confidence and credibility levels through energy diversification

Examples of proposals



Also, 'subsidy exploitation', 'leasing', 'ESCO', etc. proposals to meet client needs

Collaborative sales activities with the NTT Group



Results of collaboration with the NTT Group

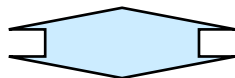
Orders received: 4.9 billion yen / 289 orders

Initiatives

- Technological and operational cooperation for smart energy business
 - Ecotown/ Megasolar orders received (facilities company; Tokyo head office)
<Example on page 13>
- Project cooperation for air-conditioning control systems (Smart Dash)
 - Installation in Data Center 21 Building
 - *Smart Dash is a data center air-conditioning control system with learning functionality sold by NTT FACILITIES

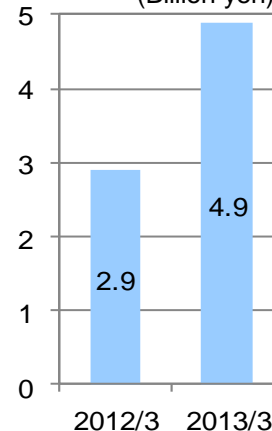
Future initiatives etc.

- Further coordination in smart energy business
 - Megasolar/module-type DC/ plant factory /BEMS/solar hybrid, etc.

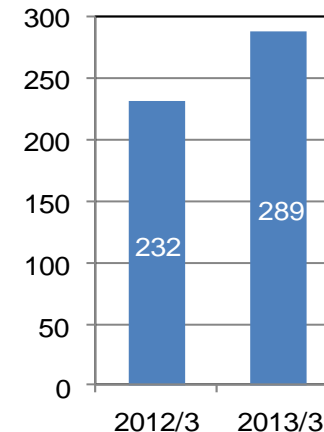


NTT FACILITIES / NTT Communications / NTT Data group companies, etc.

Orders received
(Billion yen)



Number of orders received



Next generation modular type DC display use model (liquid cooling system)
Attracting the attention of many participants at exhibitions/trade shows

Collaborative operations with NTT Group (Example)

(Coordination with NTT FACILITIES and Tokyo head office)



■ Sendai City, Tagonishi Eco Model Town Project

■ Installed solar power generation and energy management systems Smart Village (revival/reconstruction public housing, detached housing, etc.) project

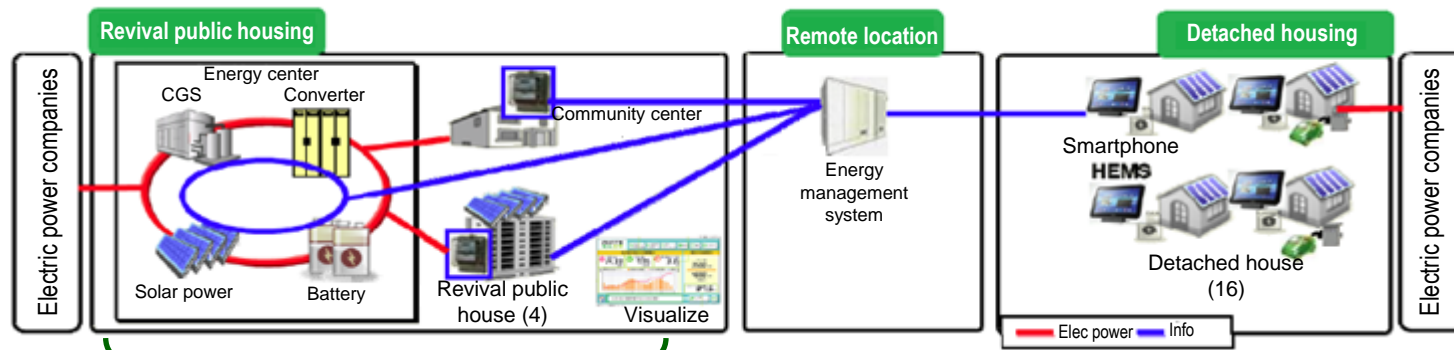
Eco Model Town concept

- Curbs on energy consumption (energy conservation, installation of recyclable energy, etc.)
- Robust urban infrastructure well able to deal with natural disasters (disaster curtailment, evacuation countermeasures, preservation of infrastructure functions, etc.)
- Structured to provide pleasant living environment (latest technology installed, reinforcement of anti-crime and other security measures)
- Integrate with nature (city protected against environmental disasters, use of rainwater, underground water and light)

Overview of Eco Model Town project

Construction area	Detached housing (120 units) Revival/reconstruction public housing (180 households) Commercial facilities, land for public use
16.32ha	

■ The company has received orders for the development of an energy management systems for the revival/reconstruction public housing area



Areas the company received orders

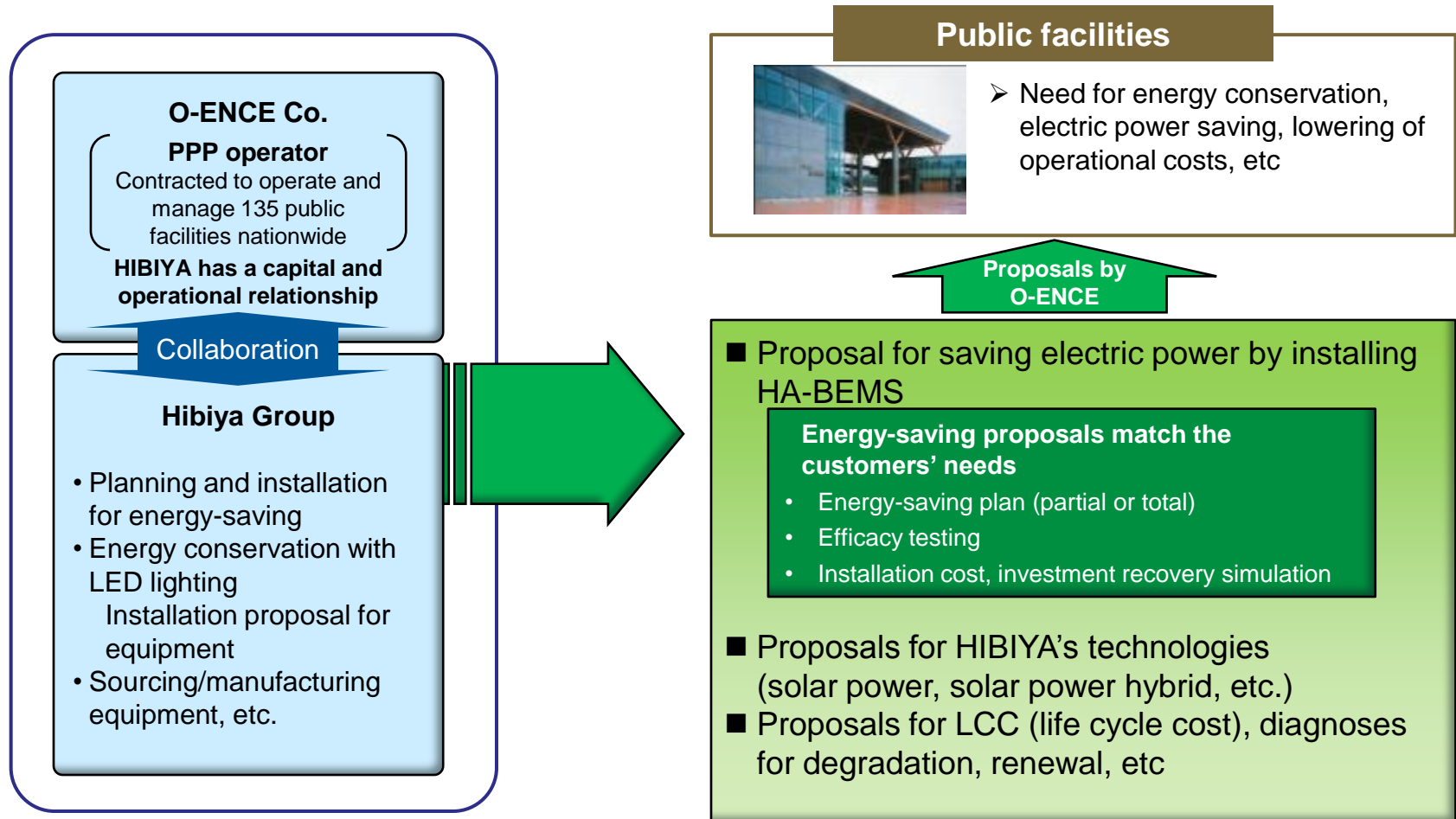
Electric power generation control, efficient use of renewable energy by means of demand response measures, etc., and implementation of energy conservation measures, etc.

Realization of new business (Example)

- Development of smart business using HA-BEMS as a strategic tool

■ Expanding into public facilities etc. through collaboration with PPP operators

* PPP: System employing private business operator as contractor/agent to provide operational and continuous control functions for public facilities



Realization of new business (Example)

- Orders and examples of wholly artificial light-type plant factories

One-stop service

Hibiya Group

- Planning / providing temperature, humidity and light control equipment, etc.
- Production of frames and other items for cultivation use
- Sales of operational use clean ware/wear

Partner companies

- Control surveillance systems
- Equipment maintenance

Agriventure companies University research institutes

- Development of cultivation technologies
- Operational guidance and advice, etc.

Wholly artificial light-type plant factories

- Efficient utilization of low usage/idle facilities (factories, etc.)
- Artificial control of growing/cultivation environment (Planned production is possible without reference to seasonality)
- No agrochemicals used (security and safety)
- CCFL used in artificial light (Long life, lower power consumption, low-cost lighting)



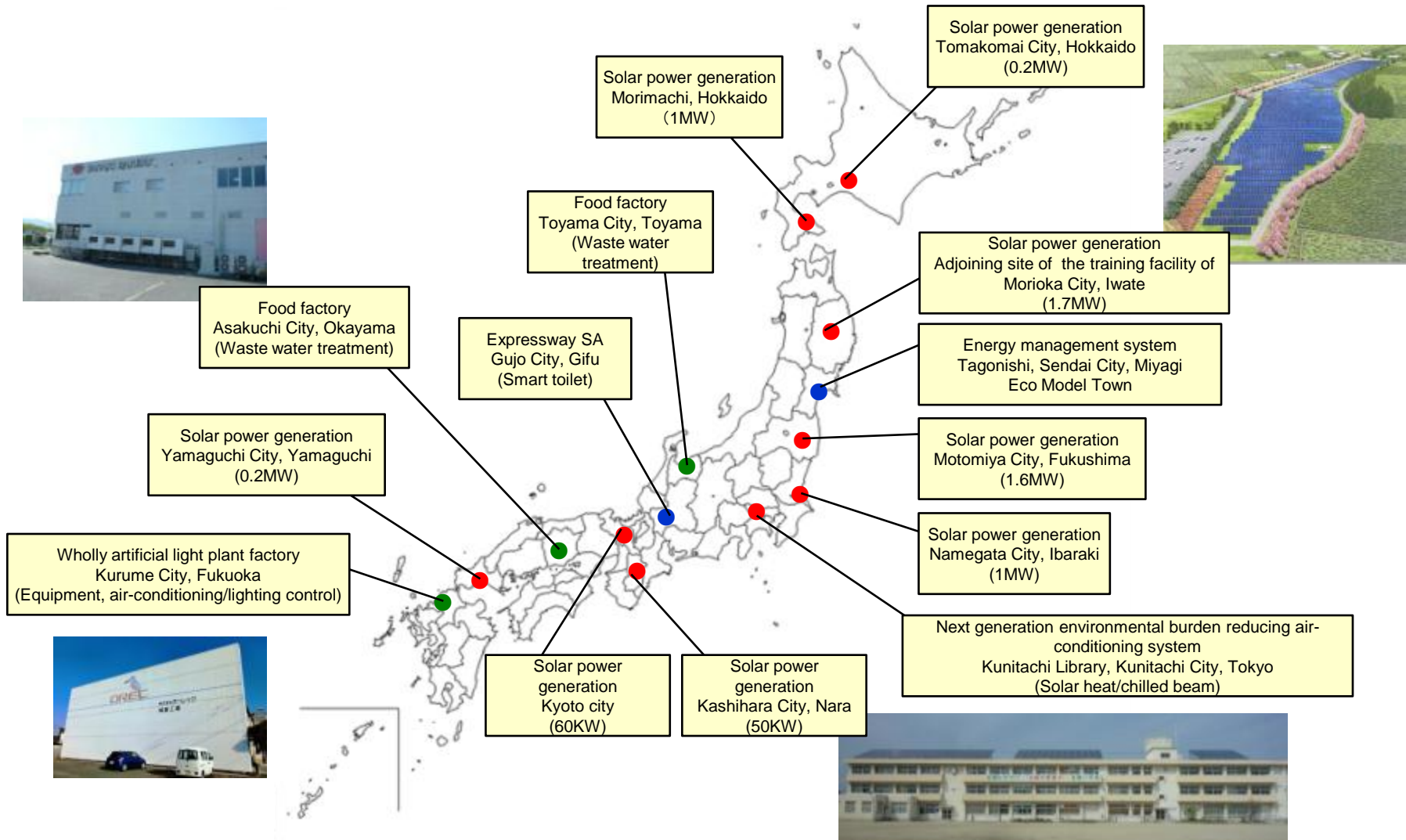
Strawberry cultivation facility owned by OREC Co., Ltd

* Strawberry cultivation is leading-edge facility, as most plant factories are specializing in foliage plants.

Future initiatives

- Aggressive marketing as a new business area for production facilities in a core sector
- Expanding orders by appealing of the planning and installation results

Main new business projects



Overseas business development

Development of pilot business in Vietnam

- Completion of project aimed at combating global warming which we have been continuously engaged in since FY 2011

(Commissioned by METI and energy conservation developed by ESCO)

- Support and technological consulting for Vietnam ESCO Services Company establishment
 - Contributed to energy conservation by installation and analysis of BEMS in hotels
 - Participated in ESCO development seminar (sponsored by Vietnamese government organizations, etc.)
 - Technology introductions and energy conservation proposals were provided by Hibiya and by other Japanese companies
- (For persons connected with hotels wishing to install ESCO)



Measured and analysed BEMS installed in heat source Renewed heat pump and other equipment

Future initiatives etc.

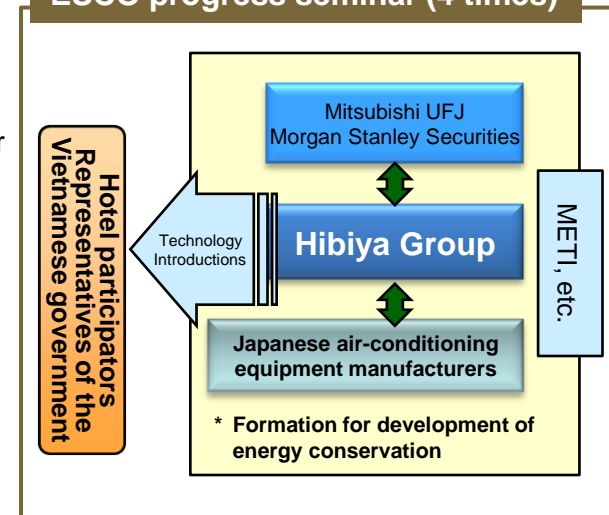
- Continuous proposals for global warming countermeasures provided in Vietnam in FY2013 (METI/NEDO)
 - Collaboration with Japanese corporate team participating in ESCO promotion seminar



Over10 hotels selected / energy conservation and ESCO proposals

- Energy conservation business developed in collaboration with NTT facilities
 - Activities undertaken in connection with Singapore energy conservation promotion strategy (subsidies, etc.)
- (currently engaged in optimizing air-conditioning systems for research facilities, and ZEB conversions for educational facilities)

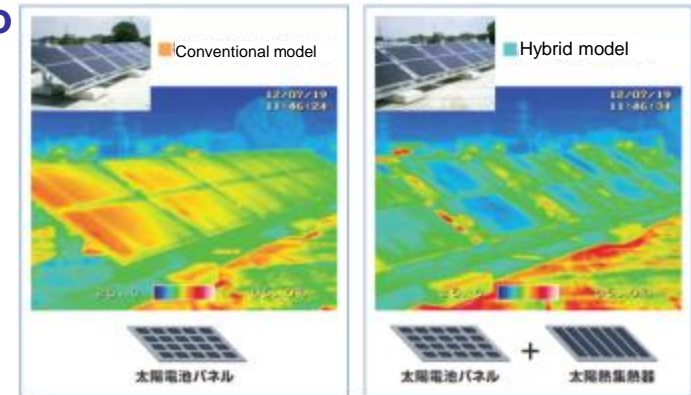
ESCO progress seminar (4 times)



Promotion to raise quality of technology strategy

■ Continued strategic research and development into raising the quality of new energy and energy conservation technologies

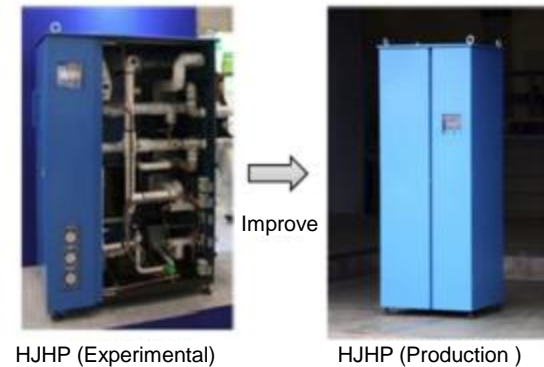
- Practical implementation of solar hybrid systems
 - Development through collaborative testing with NTT facilities company
 - Raising heat utilization efficiency rate with new type of heat collector
- Practical implementation of ejector-type freezers (EJHP)
 - New model small freezer – a first for Japan
 - Making effective use of waste heat from factories and other unused energy sources



Raising energy utilization rates by comparison with conventional models by decreasing the amount of generated energy lost by suppressing increases in temperature in solar cells

■ Future initiatives etc.

- Establishing company's technology and models for ZEB conversion of existing buildings
 - * ZEB (net zero energy buildings)
Buildings energy consumption nearly zero utilising energy conservation/renewable energy
- Continuous development of new air-conditioning systems for data centers
 - Lowering costs and improving efficiency through collaboration with NTT Group companies



Equipment using the cooling effect obtainable from high-speed jet spraying of coolant vapor
Miniaturization, realization and practical application of stable/steady controls

Strengthening corporate base

■ Reducing costs particularly by means of sourcing strategy head office

- Promotion of centralized and concentrated buying for all branches and cultivation of new suppliers and business partners to increase competitive strength
- Developing excellent examples for similar operations

■ Risk management reinforcement

- Eliminating accidents by developing safety control systems
- Reinforcing data security for the group as a whole
Promoting operational audit and PDCA

■ Cultivating human resources by full implementation of a human resources structure designed to foster and encourage growth

- Bedding in of staff rotation based on career planning
- Deploying technicians on the basis of specialist knowledge and by re-employment system
- Promotion of a Solutions operations OJT and energy conservation master scheme
- Promotion of opportunities for social intercourse between staff to foster a strengthening of bonds between employees within the Group

