

時代にまっすぐ、技術にまじめです。

# Earnings Announcement For the First Half of FY3/19

---

November 26, 2018



**Hibiya Engineering, Ltd.**

<Securities code1982>



# **Financial Summary**

## **For the First Half of FY3/19**

---



# Financial Highlights (Consolidated)

- First half orders received were consistent with the fiscal year plan.
- The operating loss increased mainly because of slower than planned progress at ongoing projects and a decline in the profitability of some projects.

(Billion yen)

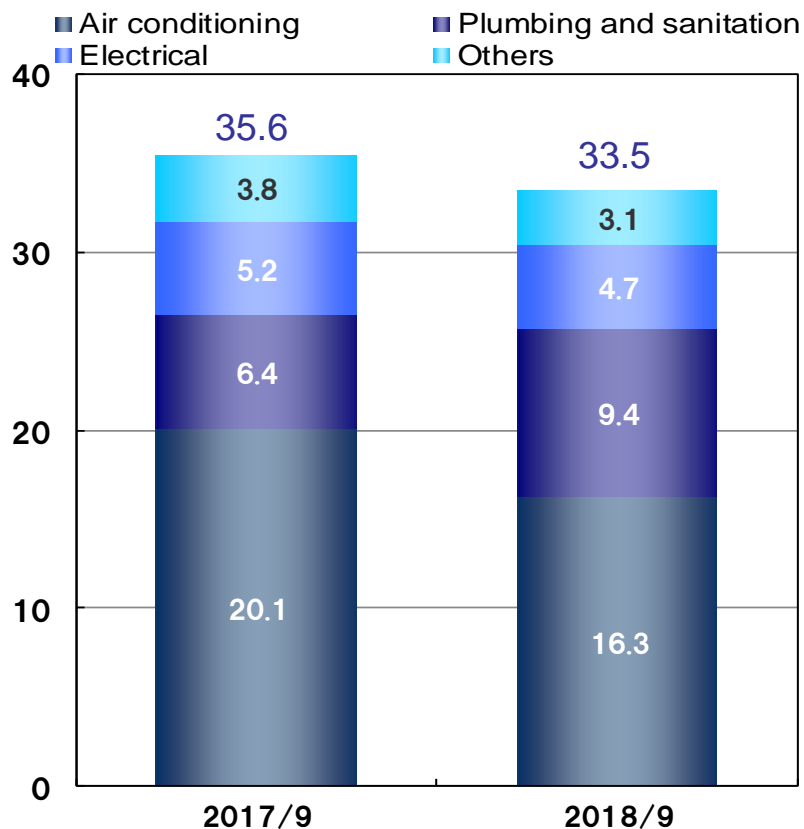
	2017/9 Actual	2018/9 Actual	YoY (%)	2019/3 Plan	Targets of Sixth Medium-term Management Plan
Orders Received	35.65	33.52	-6.0%	75.0	75.0 ~
Net sales	27.70	26.92	-2.8%	75.0	75.0 ~
Operating Profit	0.70	-1.16	—	4.0	4.0 ~
Ordinary Profit	0.91	-1.07	—	5.0	5.0 ~
Profit attributable to owners of parent	5.00	-0.85	—	3.0	3.0 ~

# Orders Received by Category & by Customer (Consolidated)

■ Orders received were generally in line with the fiscal year plan for both category and customer.

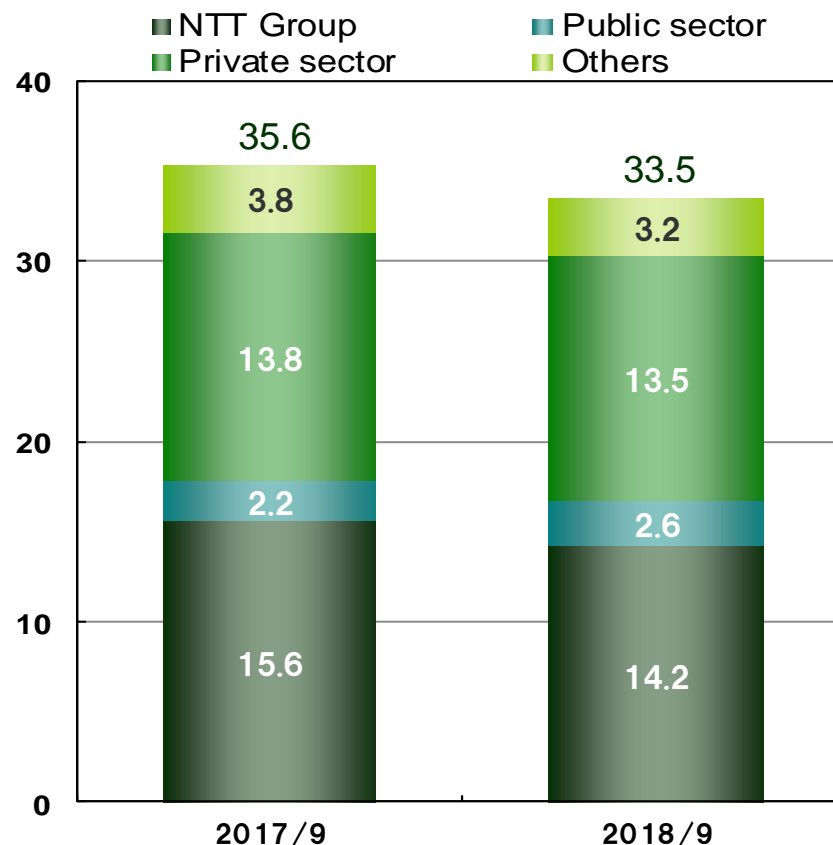
## By category

(Billion yen)



## By customer

(Billion yen)

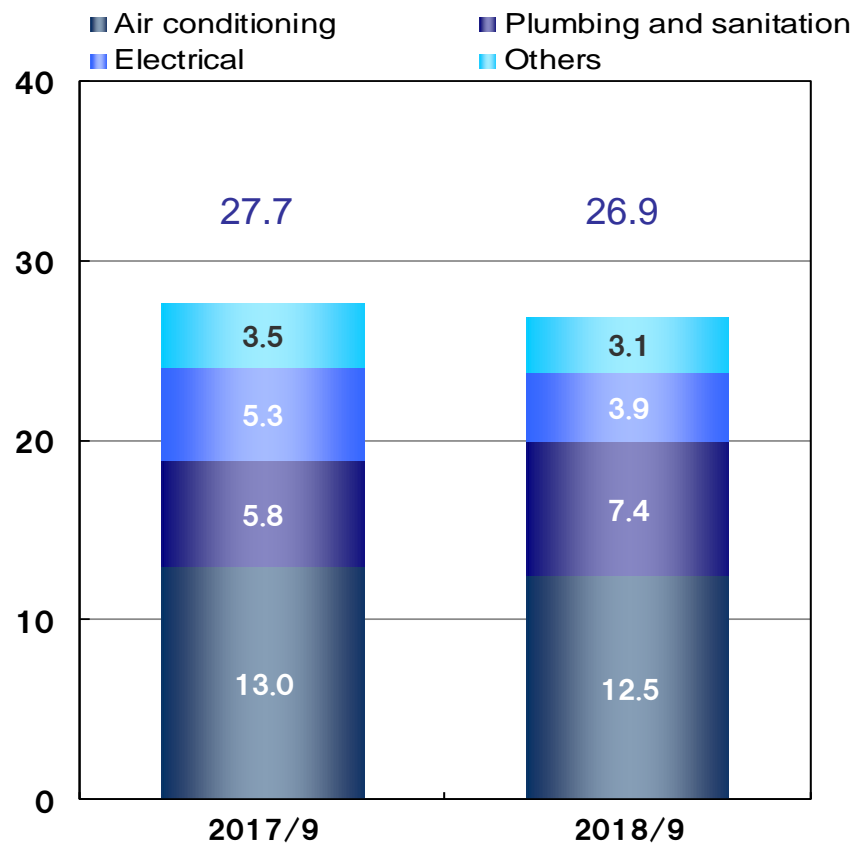


# Sales by Category & by Customer (Consolidated)

■ In customer, the public sector increased significantly.

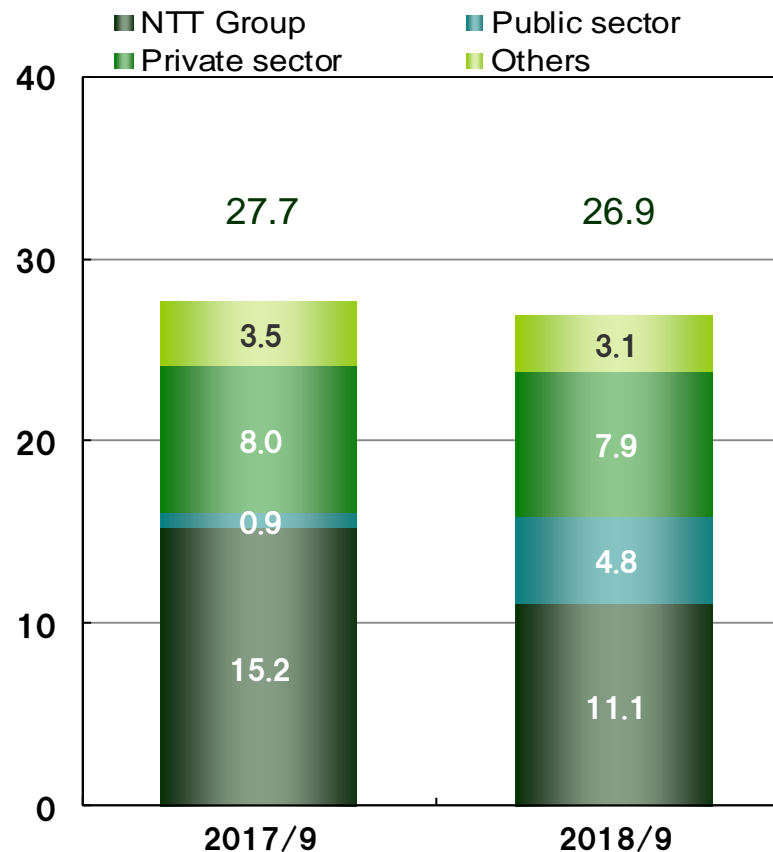
## By category

(Billion yen)



## By customer

(Billion yen)

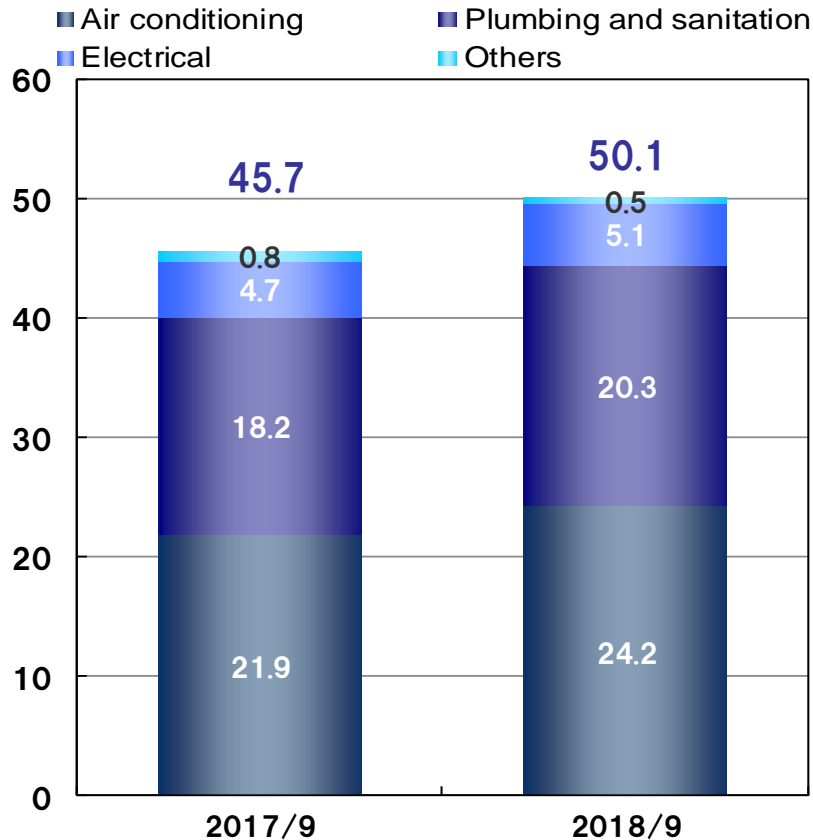


# Projects by Category & by Customer (Consolidated)

■ The volume of ongoing projects at the end of the first half was higher than one year earlier.

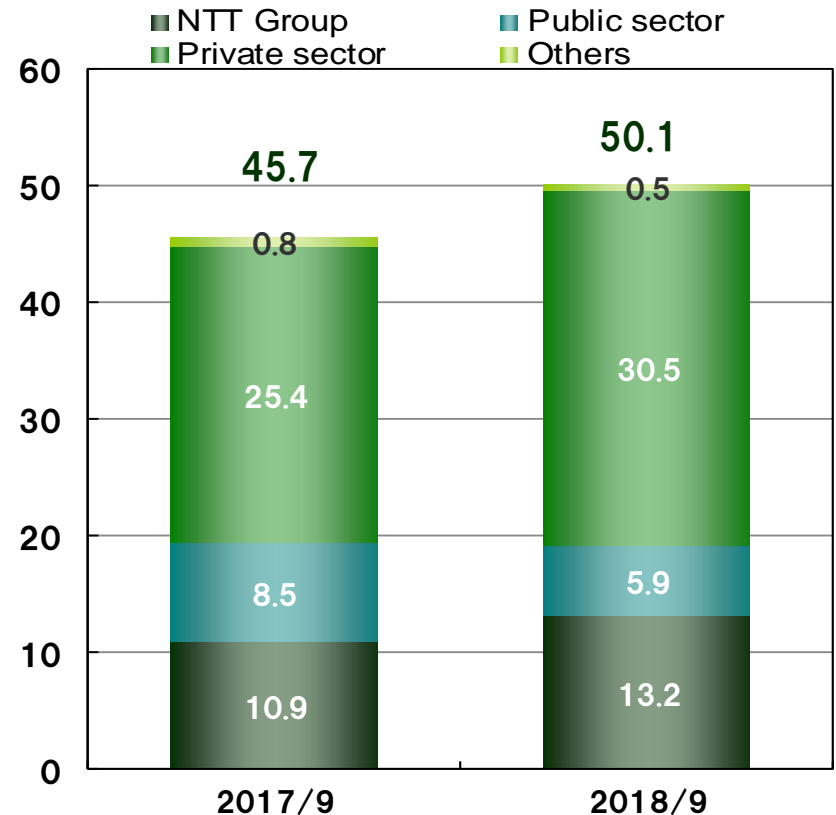
## By category

(Billion yen)



## By customer

(Billion yen)



## Summary Income Statements (Consolidated)

- The first half gross profit margin decreased mainly because of the high volume of work at large newly constructed buildings and a decline in the profitability of some projects.

(Billion yen)

	2017/9 Actual	2018/9 Actual
Net sales	27.70	26.92
Cost of sales	23.18	24.22
Gross profit	4.52	2.69
Gross profit margin	16.3%	10.0%
SG&A expenses	3.81	3.85
Operating profit	0.70	-1.16
Non-operating income	0.20	0.09
Ordinary profit	0.91	-1.07
Extraordinary income	4.52	—
Income taxes	0.43	-0.21
Profit attributable to owners of parent	5.00	-0.85

## Revision to the forecast for FY3/19 (Consolidated)

- No revision to the forecast for orders received
- Reduced the sales forecast because of slower than planned progress at ongoing projects
- Reduced the operating and ordinary profit forecasts mainly because of lower sales and a decline in the profitability of some projects
- No revision to the forecast for profit attributable to owners of parent due to expected gains on sales of investment securities

(Billion yen)

	2018/9 Actual	2019/3 Revised Plan	VS. FY3/18	Targets of Sixth Medium-term Management Plan
Orders Received	72.5	75.0	+2.5	75.0
Net sales	66.8	73.0	+6.2	75.0
Operating Profit	3.1	3.2	+0.1	4.0
Ordinary Profit	4.0	4.2	+0.2	5.0
Profit attributable to owners of parent	7.2	3.0	-4.2	3.0



# Distributions to Shareholders

## Basic policy

- Shareholder distributions will continue based on the Sixth Medium-term Management Plan earnings target, but the plan is to place more emphasis on dividend payments.

## Dividends

- 【FY3/19】**
- Plan to pay a dividend of **¥80** per share, ¥20 more than for FY3/18
  - The **interim dividend was ¥40** per share as planned.

## Repurchases

- 【FY3/19】**
- Stock will be repurchased in a flexible manner as part of shareholder distributions.
  - Following the substantial repurchases in FY3/18, the plan is to repurchase 300,000 shares at a cost of ¥660 million.
  - Repurchases will start in the second half of FY3/19 based on the policy concerning the reduction of cross-shareholdings.



# **Sixth Medium-term Management Plan Achievement**

---

The Sixth Medium-term Management Plan: April 2017 - March 2020



# Fundamental Goal and Core Strategies

## Fundamental Goal

“Establish and reinforce corporate reforms”  
for the stable and long-term continuation and advancement of  
business operations

## Core Strategies

Invest in human resources and ICT to  
change how people work

- **Recruiting, training and skill enhancement activities**
  - Recruit the people needed to achieve sustained growth
  - Upgrade all training programs
- **Workforce diversity activities**
  - Implement programs to make greater use of female employees
- **Maintain the proper work-life balance**
  - Establish job site support centers
- **Establish a competitive edge and operate efficiently**
  - Use ICT for more efficient and advanced job site supervision

More advanced life cycle total solutions

- **Expand and upgrade consistent-revenue businesses**
  - Increase opportunities by enlarging the scope of life cycle solutions
- **Cooperation among Hibiya Engineering Group companies**
  - Provide engineering services that combine the capabilities of all group companies
- **Collaborative sales activities with the NTT Group**
  - Expand the solution menu by incorporating the technologies of NTT Group companies
- **Use alliances**
  - Create a broader range of new ideas for customers by using cooperation with business alliance partners

## Achievement

### Invest in human resources and ICT to change how people work

- Use cloud applications to implement working style reforms (Example 1)
- Use ICT for more efficient business operations with partner companies other companies (Example 2)

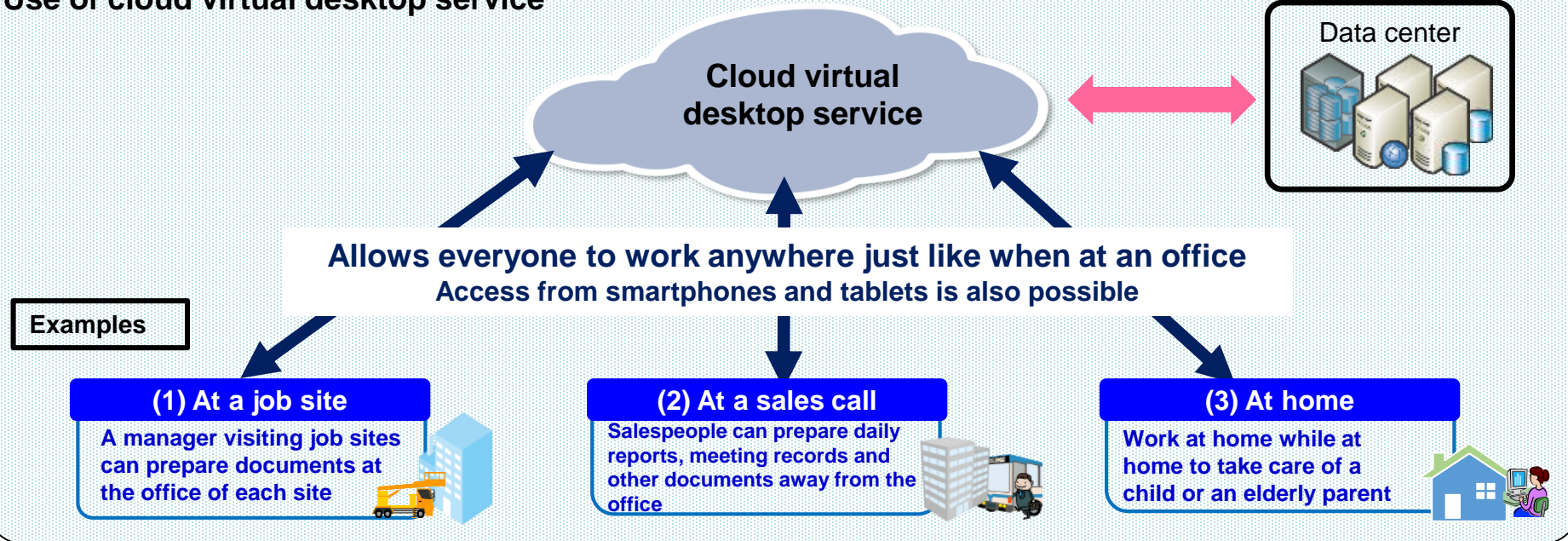
### More advanced life cycle total solutions

- Tie-ups with general contractors for the diagnosis of aging building equipment (Example 1)
- CO<sub>2</sub> reduction projects for local governments (Example 2)

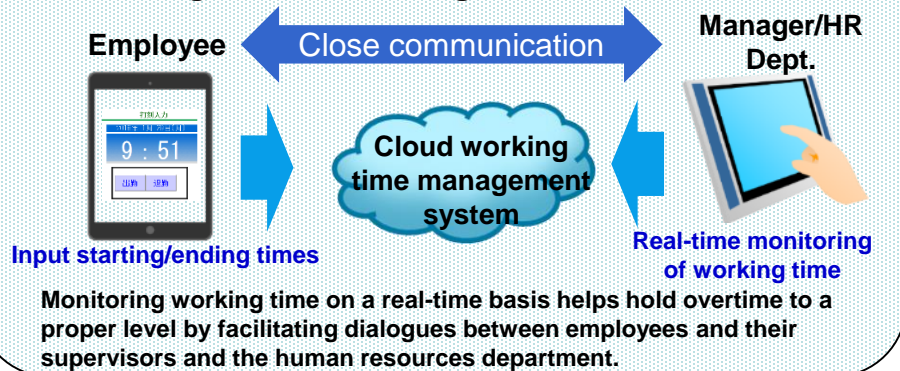
**Topic: Participation in Building CLT Model Project, recipient of a FY18 Good Design Award**

# Use cloud applications to implement working style reforms (Ex. 1)

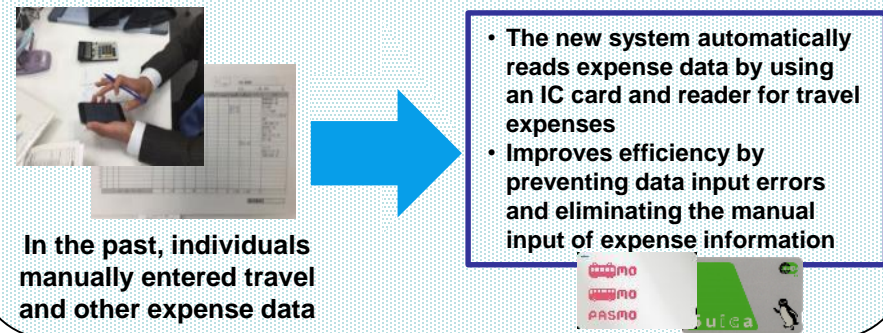
## Use of cloud virtual desktop service



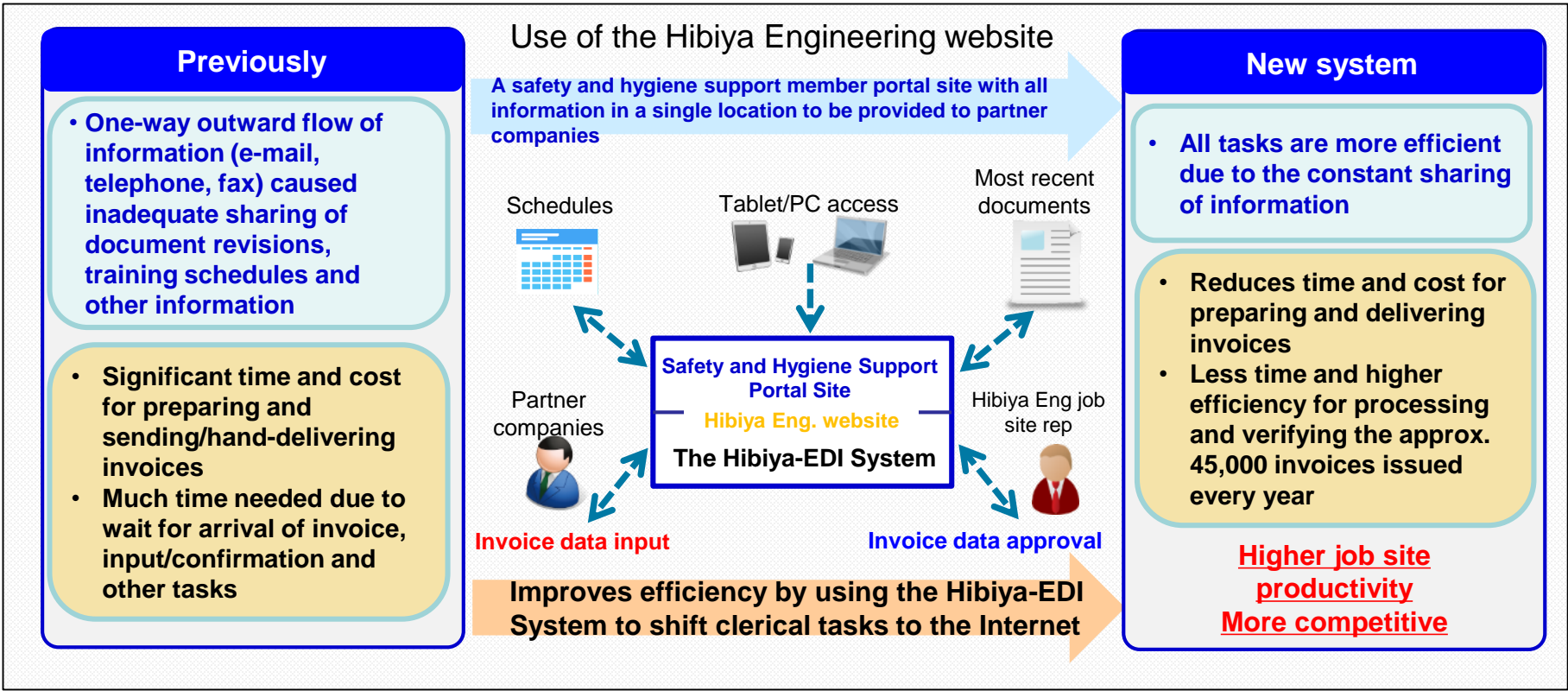
## Better management of working time



## Cloud business expense management system



# Use cloud applications to implement working style reforms (Ex. 2)



## Stronger relationships with partner companies

### The Hibiya Meister Program

Reinforces job site capabilities by recognizing the skills of specialists, maintaining a reliable supply of construction workers, and further improving safety and quality

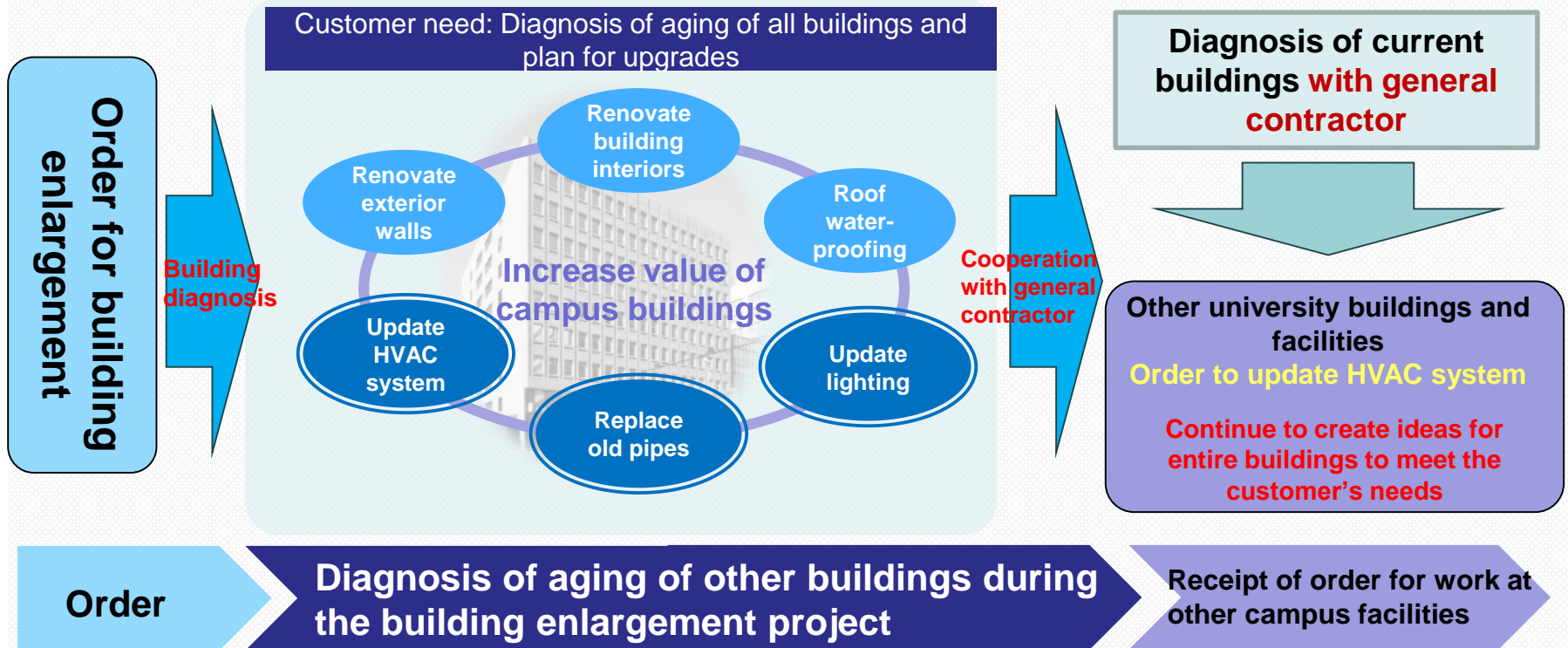
Improvement in compensation and more motivation for workers who have or want to acquire specialized skills

Meister certified individuals who meet designated requirements at job sites can receive certification as a premier meister.

## Tie-ups with general contractors for the diagnosis of aging building equipment (Ex. 1)

Use of general contractor tie-up for a renovation proposal for other campus facilities

Tokyo campus of University A



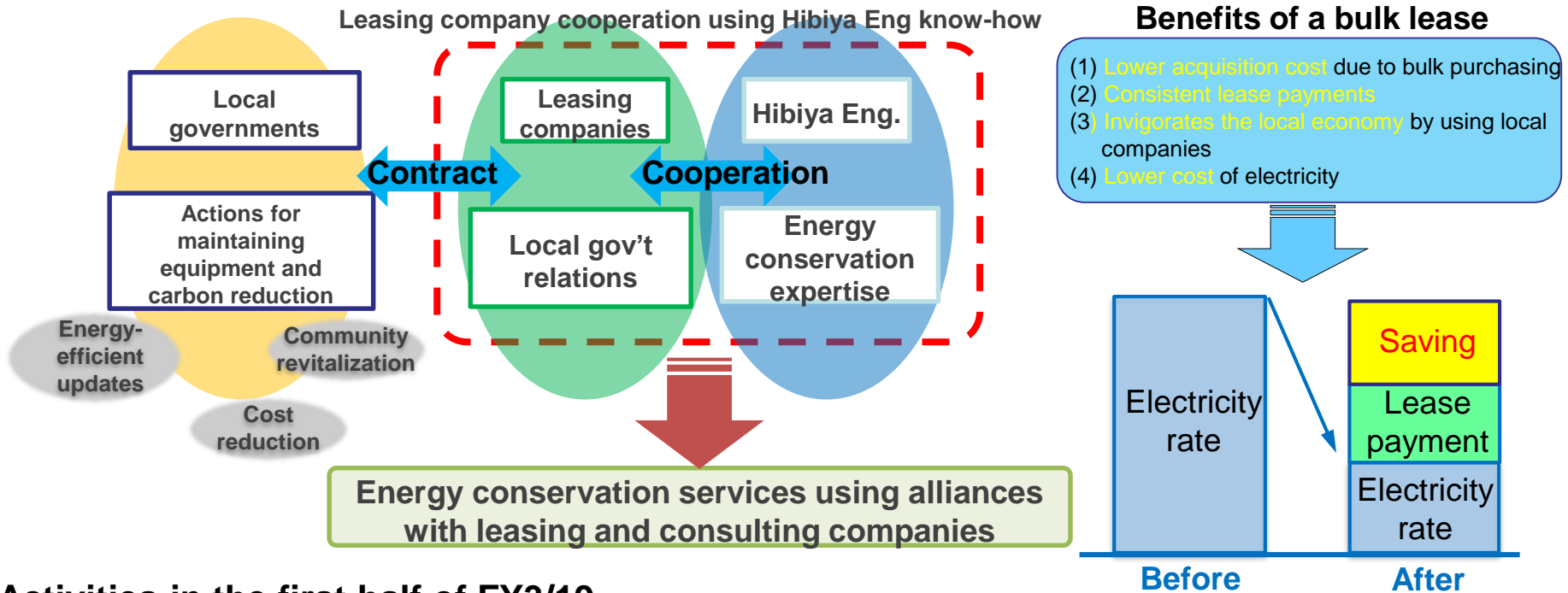
- **Continue to create proposals that generate steady revenue involving NTT and NTT-related construction projects**

  - Medium/long-term proposals that optimize the life cycle of equipment based on the needs and policies of each customer
  - Starting in FY3/19, create steady-revenue ideas, mainly involving equipment processes (proposals for entire buildings) and **work with construction companies to create steady-revenue ideas that include the building construction stage**

# CO<sub>2</sub> reduction projects for local governments (Ex. 2)

Start a bulk leasing business\* with a leasing company partner

\*A bulk lease is a single lease for several items that reduces the cost of updating a number of facilities at once.



## Activities in the first half of FY3/19

CO<sub>2</sub> reduction project for 3 facilities of Tokyo area City A (1,159 LED lights, update of three HVAC units)

- Senior care home
- Athletic and culture center
- Dormitory

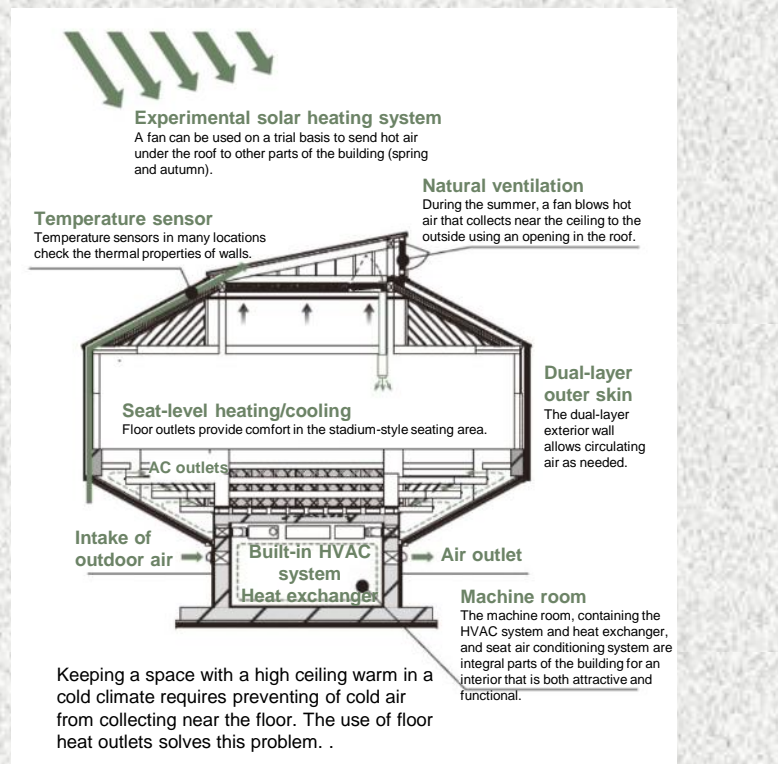
Bulk lease for equipment for a community in Hokkaido (10 locations) (2,427 LED lights, update of three boilers)

- Four schools
- Gymnasium, history museum, arena, health management center
- Library, hospital



# Topic: Participation in Building CLT Model Project, recipient of a FY18 Good Design Award

## Participation in Cross Laminated Timber Model Structure of Tohoku University School of Engineering



### Equipment for new seminar room for the Tohoku University Architecture and Building Science Graduate School

Location	Sendai, Miyagi prefecture
Floor area	90.36 sq. meters
Floors	One above-ground level
Hibiya Engineering	HVAC system and electrical system

- **Use of natural heat and reusable heat** (simple solar heat use, natural ventilation using summer ventilation opening, dual-skin air conditioning)
- **Combination of HVAC system placement under the floor and out of sight and an indirect lighting system produces a room that is attractive and functional**
- **Seat-level HVAC outlets keep the room comfortable during the winter, preventing cold air from collecting in the lower parts of the room**

**時代にまっすぐ、技術にまじめです。**

## **Earnings Announcement For the First Half of FY3/19**

 **Hibiya Engineering, Ltd.**

November 26, 2018