



CHUDENKO CORPORATION

Financial Results Briefing for the Fiscal Year Ended March 2023

May 31, 2023

Event Summary

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[Participants]	
[Number of Speakers]	1 Takafumi Shigeto Representative Director and President

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Shigeto: Hello, everyone. I am Shigeto, President of CHUDENKO. Thank you very much for your participation in the FY2022 financial results presentation.

Today, I would like to begin by explaining our business results for FY2022, followed by our forecast for FY2023, then the progress of our Medium-term Management Plan. And at the last, I would like to explain the CHUDENKO Group 2030 Vision, as I explained in the previous presentation. Thank you very much for your cooperation.

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2022年度業績（事業環境と当社グループの概況）

建設業界

- 公共設備投資は底堅く推移し、民間設備投資に持ち直しの動き
- 受注競争の激化や労働者不足、エネルギー・原材料価格の高騰により非常に厳しい状況

当社グループの概況

- 中期経営計画の施策に取り組むとともに、「中電エグループ 2030ビジョン」を策定し、「中電エグループ サステナビリティ基本方針」を制定
- 年度末には海外事業投資において収益性が大幅に低下したことに伴い、多額の損失を計上

Now, here are the results for FY2022.

First, let me give you an overview of the business environment and our group in FY2022.

In the construction industry public capital investment remained firm and private capital investment showed signs of picking up, but the situation was very difficult due to the prolonged situation in Ukraine and soaring energy and raw material prices caused by exchange rate fluctuations and other factors.

Under these circumstances, the Group has been pursuing various measures, such as strengthening foundation in the Chugoku region, expanding business in urban areas, and promoting business reforms, in accordance with the Medium-Term Management Plan 2024.

In addition, in order for us to continue to grow amid rapid changes in social conditions and the business environment, we have formulated the CHUDENKO Group 2030 Vision for the year 2030 and established the CHUDENKO Group Sustainability Basic Policy, which aims to solve social issues and realize a sustainable society.

On the other hand, the Company had a very difficult year in terms of business performance, with declining sales and operating income, as well as a large equity in losses of affiliates at the end of the fiscal year due to a significant decline in the profitability of overseas business investments.

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2022年度業績（損益計算書：連結）

対前年度「減収・減益」

- 売上高11期ぶり減収（中電工個別▲47億円減、連結子会社31億円増）
- 営業利益4期ぶり減益（中電工個別▲21億円減、連結子会社前年度並み）

連結業績	2021年度	2022年度	増減額	前年比
売上高	1,906億円	1,890	▲16	99%
売上原価	1,644億円	1,650	5	100%
売上総利益 (13.8%)	262億円	(12.7%) 239	▲22	91%
販管費	158億円	156	▲1	99%
営業利益 (5.5%)	104億円	(4.4%) 83	▲20	80%
経常利益 (6.3%)	119億円	(▲1.0%) ▲19	▲138	—
親会社株主に帰属する 当期純利益 (3.5%)	66億円	(▲3.7%) ▲69	▲135	—

※()内は売上高利益率

These are the results for FY2022.

Net sales decreased by JPY4.7 billion YoY in CHUDENKO on a non-consolidated basis, while consolidated subsidiaries increased by JPY3.1 billion. The decrease in non-consolidated sales was significant, and overall consolidated net sales decreased by JPY1.6 billion YoY to JPY189.0 billion, the first decrease in 11 periods.

Next, operating income fell JPY2.0 billion to JPY8.3 billion, the first decline in four years, due to lower sales and lower construction profitability, despite thorough cost control efforts.

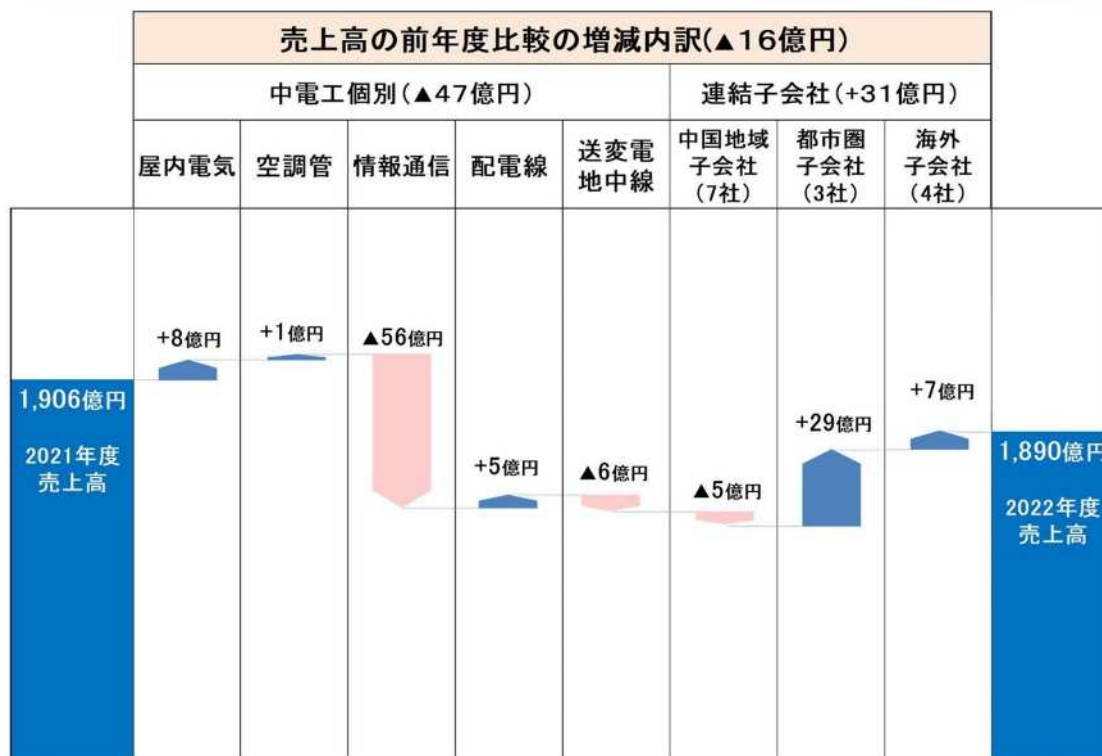
Ordinary income decreased significantly by JPY13.8 billion from the previous year to an ordinary loss of JPY1.9 billion, mainly due to equity in losses of affiliates related to overseas business investments. Net income also decreased by JPY13.5 billion, resulting in a net loss of JPY6.9 billion.

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2022年度業績（売上高の前年度比較の増減内訳:連結）



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Next, the difference in sales from the previous year.

On a non-consolidated basis, CHUDENKO saw an increase in indoor electric and power distribution lines, but a large decline in information and telecommunications, resulting in a decrease of JPY4.7 billion from the previous year. Consolidated subsidiaries increased by JPY3.1 billion from the previous year, mainly due to JPY2.9 billion increase in the metropolitan area.

As a result of the above, consolidated net sales decreased JPY1.6 billion to JPY189.0 billion from JPY190.6 billion in the previous year.

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2022年度業績（営業利益の前年度比較の増減内訳：連結）

営業利益の前年度比較の増減内訳(▲20億円)					
中電工個別(▲21億円)		連結決算処理(+0億円)			
部門別営業利益		連結子会社 営業利益	M&Aに係る のれん償却等		
一般部門	電力部門				
104億円 2021年度 営業利益	▲22億円	+1億円	▲0億円	+0億円	83億円 2022年度 営業利益

Next, the difference in operating income from the previous year.

On a non-consolidated basis, CHUDENKO's general sector decreased by JPY2.2 billion due to lower sales and lower construction profitability.

The electric power sector increased by JPY100 million, partly due to the leveling off of construction, resulting in an overall decrease of JPY2.1 billion.

With regard to consolidated financial processing, both operating profit and amortization of goodwill of consolidated subsidiaries were on par with the previous year.

As a result of the above, operating profit was JPY8.3 billion, a decrease of JPY2.0 billion from JPY10.4 billion in the previous year.

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2022年度業績（経常損失の発生について:連結）

2019年4月

当社と中国電力が共同で設立した国内投資会社を通じ、台湾・雲林県における洋上風力発電事業へ出資参画を公表

- 新型コロナウイルス感染症の世界的流行による建設要員移動および資機材調達の遅れ
- 天候不順等による工程の遅延
- 資機材価格等の高騰 など

2023年3月

当初計画に比べ工事費が大幅に増加し、本事業の収益性が低下、台湾洋上風力発電事業における損失の計上等を公表

2022年度決算

本事業投資に係る損失を計上

- ・持分法による投資損失: 125億円(営業外費用)
- ・関係会社事業投資損失引当金繰入額: 8億円(特別損失)

Next, I will explain the recording of losses related to overseas business investments.

In April 2019, we participated in an offshore wind power generation project in Yunlin County, Taiwan, through a domestic investment company jointly established with The Chugoku Electric Power Company, Incorporated. Subsequently, the worldwide outbreak of new coronavirus infection caused delays in the movement of personnel and procurement of materials and equipment related to this project.

Also, the process was delayed due to unseasonable weather and soaring prices of materials and equipment, which led to a significant increase in construction costs.

Based on the above situation, we reevaluated the value of our business for the fiscal year ending March 31, 2022. As a result, we expect a significant decline in profitability and have recorded equity in losses of affiliates of JPY12.5 billion in non-operating expenses and a provision for investment loss in affiliates of JPY800 million in extraordinary losses.

We feel your concern, as this is the first recurring loss since the introduction of consolidated accounting and the second largest net loss in our history. No decision has been made on the future direction of this matter at this stage, but we will make an announcement when we make new decisions.

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2022年度業績（貸借対照表：連結）

	2022年3月末	2023年3月末	増 減	主な増減要因
流動資産	1,149億円	1,189	40	現金預金 ▲58、有価証券 77
固定資産	1,647億円	1,535	▲112	投資有価証券 ▲140
資産合計	2,797億円	2,725	▲72	
流動負債	488億円	473	▲14	支払手形等 ▲28
固定負債	145億円	230	85	持分法適用に伴う負債 68
負債合計	633億円	704	70	
純資産合計	2,163億円	2,020	▲142	利益剰余金 ▲126
負債純資産合計	2,797億円	2,725	▲72	
自己資本比率	76.2%	73.2	▲3.0	

Next is the balance sheet.

Total assets decreased JPY7.2 billion to JPY272.5 billion, mainly due to a decrease in investment securities. Total net assets decreased JPY14.2 billion to JPY202.0 billion, mainly due to a JPY12.6 billion decrease in retained earnings.

The equity ratio decreased 3.0 percentage points from 76.2% in the previous year to 73.2%, mainly due to a decrease in shareholders' equity.

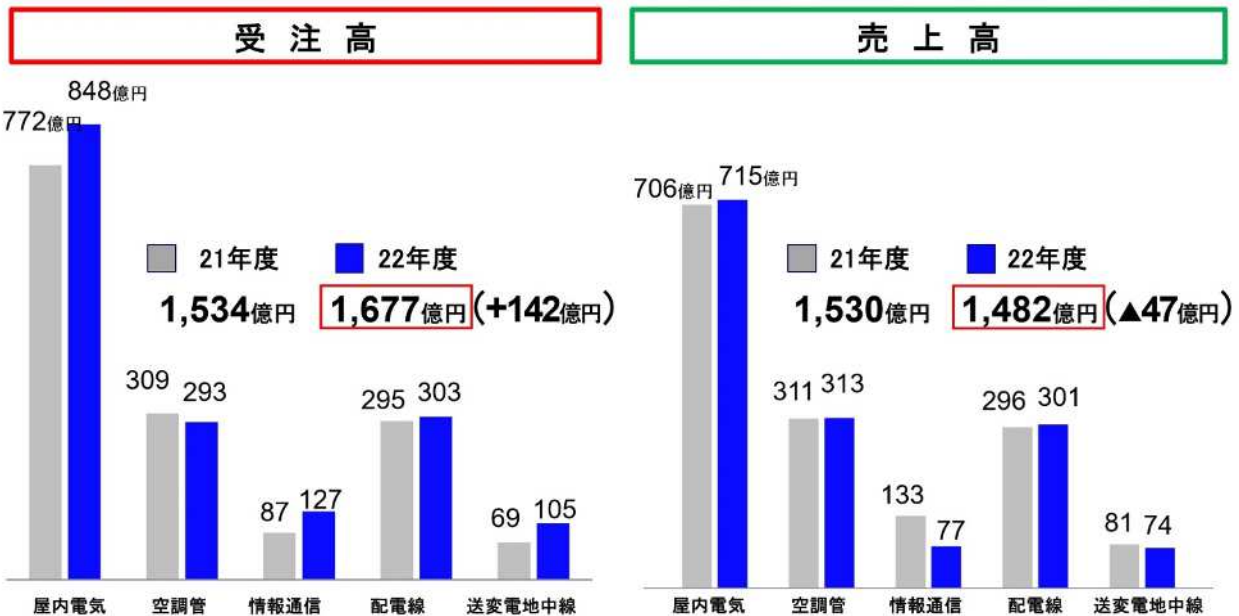
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2022年度業績（部門別受注高・売上高:個別）

- 受注高は1,677億円、対前年度142億円増（屋内電気工事を中心に増加）
- 売上高は1,482億円、対前年度▲47億円減（主に情報通信が減少）



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Next is CHUDENKO's non-consolidated orders and sales by division.

Orders received on the left side totaled JPY167.7 billion, JPY14.2 billion increase from the previous fiscal year, due to an increase in plant construction in the indoor electric work and highway-related construction in the information communication equipment work, despite a decrease in construction of distribution warehouses and other facilities in the air-conditioning plumbing equipment work.

Net sales on the right side totaled JPY148.2 billion, decrease of JPY4.7 billion from the previous year, mainly due to a decrease in high-speed network construction in the Information Communications Equipment work, despite an increase in office construction in the indoor electrical work.

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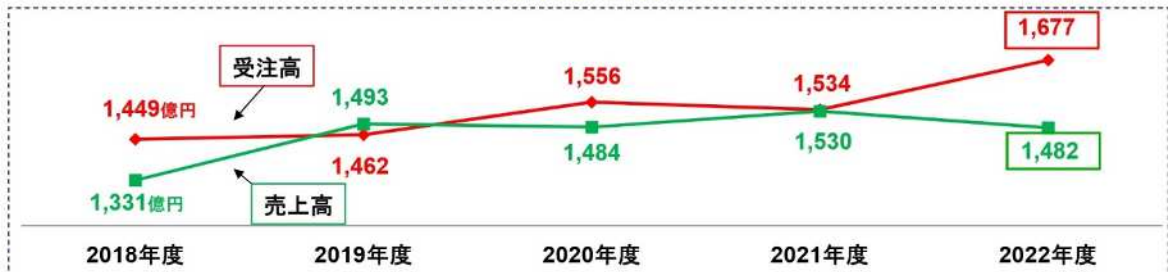
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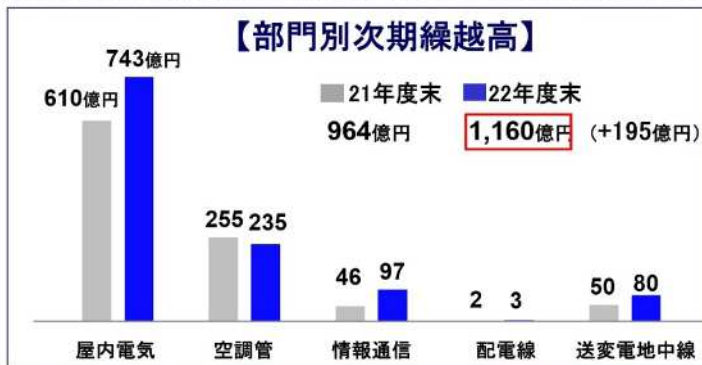
2022年度業績（部門別受注高・売上高:個別）

➤ 売上高は1,500億円を下回るものの、受注高は1,600億円を大きく超える

【受注高・売上高の推移】



【部門別次期繰越高】



【地域別次期繰越高】



Next is the trend of individual orders and sales.

As shown in the line graph, orders received totaled JPY167.7 billion, well above the past five years level. On the other hand, net sales fell below the previous year's level, but remained high.

The carry-over amount was JPY116.0 billion, a record high, partly due to an increase in orders received. By sector, the increase in the indoor electricity was particularly large, and by region, the increase was seen in the Chugoku region.

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2023年度業績予想（連結）

「増収・増益」の見込み

- 売上高は増加（中電工個別107億円増、連結子会社52億円増）
- 営業利益は売上高増加による売上総利益の増加などにより、増益の見込み

連結業績	2022年度		2023年度予想		増減額	前年比
売上高		1,890億円		2,050	159	108%
営業利益	(4.4%)	83億円	(5.1%)	105	21	126%
経常利益	(▲1.0%)	▲19億円	(5.9%)	121	140	—
親会社株主に帰属する 当期純利益	(▲3.7%)	▲69億円	(3.7%)	76	145	—

※（ ）内は売上高利益率

Next is our forecast for FY2023.

The Company expects to increase revenues and profits on a consolidated basis in FY2023.

Net sales are expected to increase by JPY10.7 billion for CHUDENKO on a non-consolidated basis and JPY5.2 billion for consolidated subsidiaries, for a total of JPY205.0 billion, an increase of JPY15.9 billion from the previous year.

Operating profit is expected to increase JPY2.1 billion YoY to JPY10.5 billion, mainly due to an increase in gross profit from higher sales.

Ordinary profit is expected to increase by 14.0 billion from the previous year to 12.1 billion, mainly due to the increase in operating profit and the absence of expected equity in losses of affiliates recorded in FY2022. Net income is also expected to increase by JPY14.5 billion from the previous year to JPY7.6 billion, due to the increase in ordinary profit and the fact that no extraordinary losses are expected.

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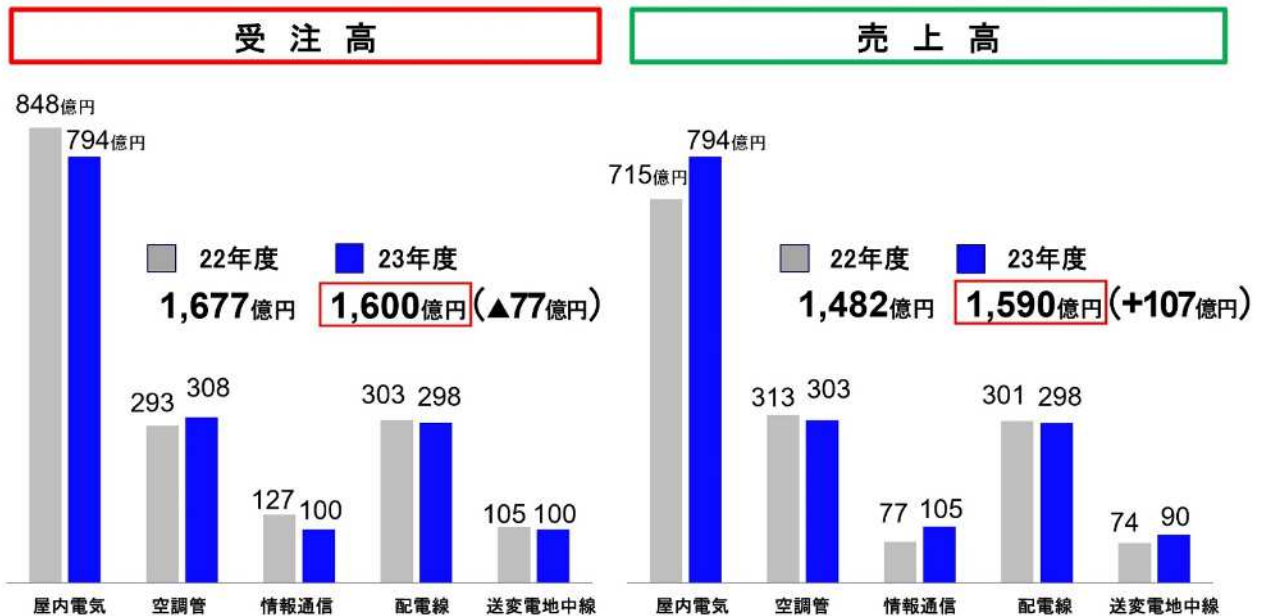
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2023年度業績予想（部門別受注高・売上高:個別）

- 受注高は▲77億円減少の見込み（主に屋内電気や情報通信などが減少）
- 売上高は107億円増加の見込み（主に屋内電気や情報通信などが増加）



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Next are orders and sales by individual division.

Orders on the left side are expected to be JPY160 billion, a decrease of JPY7.7 billion from the previous year, due to order decrease in the indoor electricity, which increased significantly in FY2022, although it remains at a high level.

Net sales on the right side are expected to be JPY159.0 billion, an increase of JPY10.7 billion from the previous year, mainly due to an increase in the indoor electricity, which has been carried over to the end of FY2022.

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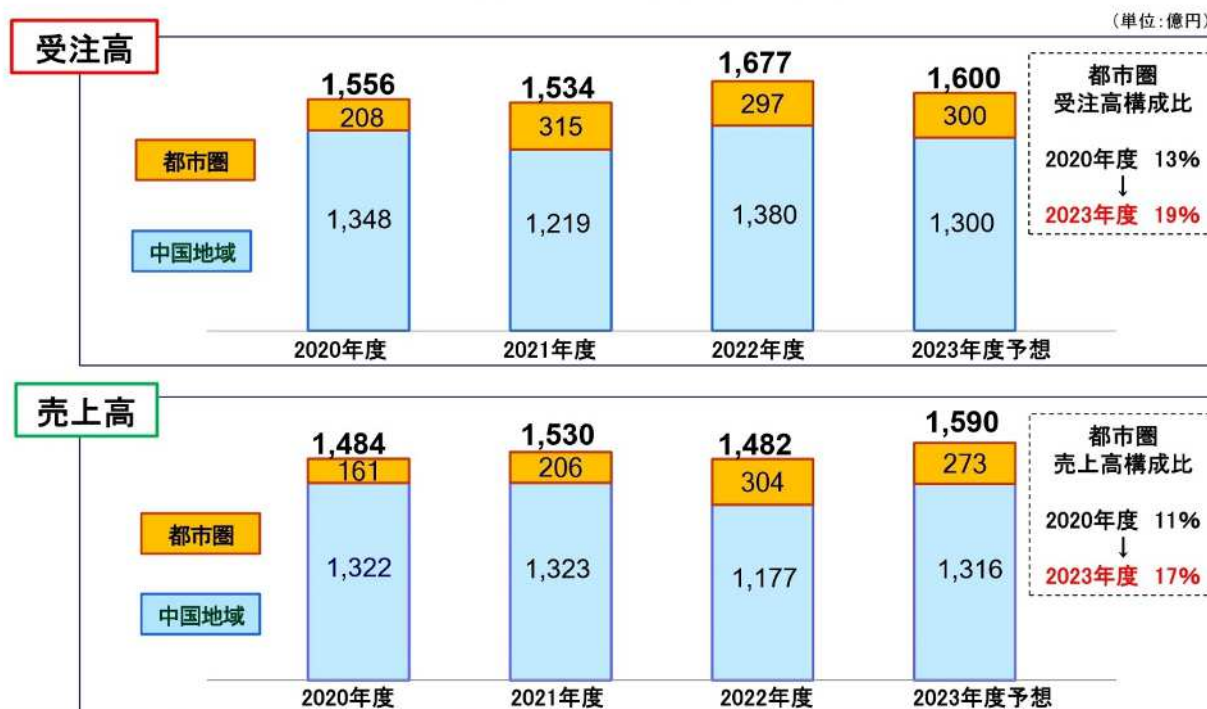
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2023年度業績予想（地域別受注高・売上高:個別）

➤ 中国地域の売上を維持しつつ、都市圏を拡大



Next are orders and sales by individual region.

As a growth strategy, we have been maintaining sales in the Chugoku region and expanding in urban areas.

Orders and sales in the Chugoku region, shown in blue, are expected to remain at around JPY120 billion to JPY130 billion, while orders and sales in the metropolitan area have been steadily increasing, and are expected to be as high as JPY30 billion in FY2023. We expect a slight decrease in sales, but as for the percentage, we expect a 17% increase which was 11% three years ago. We will continue to maintain sales in the Chugoku region and expand in the metropolitan area.

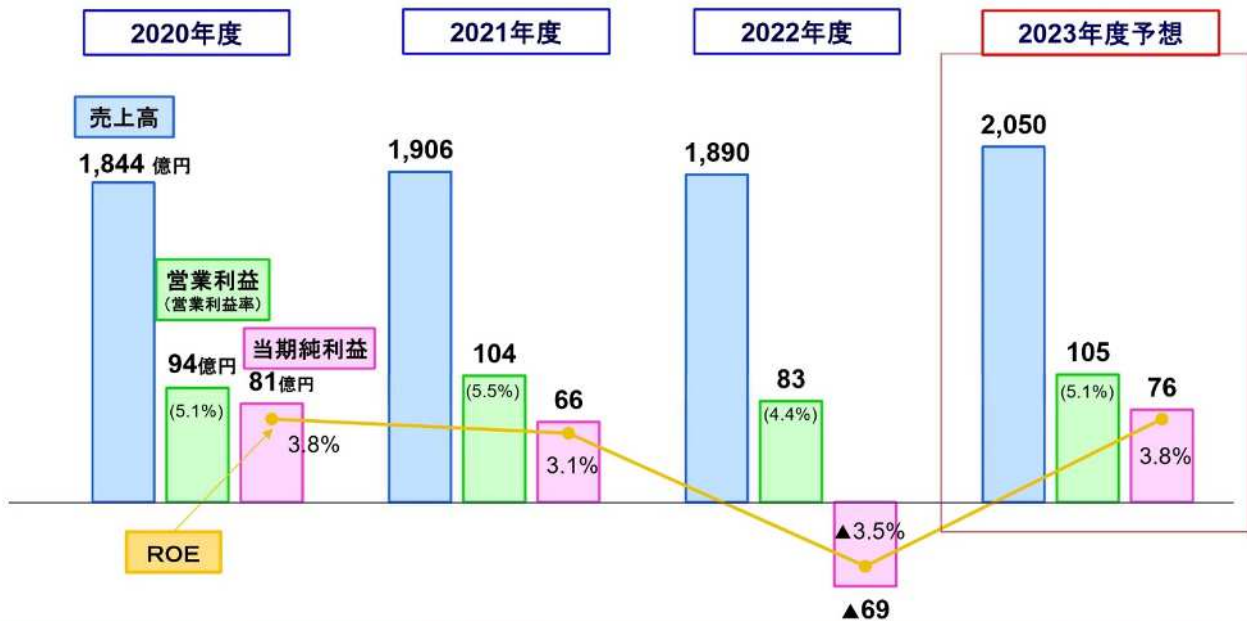
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2023年度業績予想（主な経営指標の推移:連結）

- 売上高は増収、各利益についても増益の見込み
- ROEは当期純利益の計上により改善の見込み



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Next are the main management indicators.

Sales in the blue bar graph decreased in FY2022 for the first time in 11 fiscal years, but with an abundance of carryover volume, we expect sales to increase in FY2023.

Operating profit in the green increased JPY2.1 billion YoY to JPY10.5 billion, due to higher sales. The operating profit margin is expected to be 5.1% as a result of efforts to improve construction efficiency and reduce costs.

Net income, in the red bar, is expected to show a V-shaped recovery starting in FY2022, and ROE, in orange, is also expected to improve significantly, by 7.3 percentage points to 3.8%, from the increase in net income.

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テーマ

「変革と成長」

- 当社グループが引き続き成長を続けていくためには、これまで以上に環境変化に迅速に対応して変革を進めることが不可欠

サブテーマ

「営業・施工体制の強化と利益の拡大」

- 中国地域の基盤強化、都市圏の事業拡大に引き続き取り組み、受注拡大と施工体制を強化
- 施工の効率化、コスト低減等による利益の確保・拡大と競争力強化

「DXと脱炭素化の推進」

- DXによる生産性向上を推進
- カーボンニュートラルに向けて自社の脱炭素化とともに、自家消費型太陽光PPA事業などお客様の脱炭素化をサポート

I will continue by explaining the Medium-Term Management Plan 2024, based on the current status of our efforts.

The Medium-term Management Plan, which started in FY2021, is a four-year plan for further growth, targeting FY2024, the 80th anniversary of the Company.

The theme is change and growth, with two sub-themes.

The first is to enhance the structure for marketing and construction works and boost profit.

The second is to promote DX and decarbonization.

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中期経営計画2024（主要施策）

受注の拡大・施工体制の強化	<ul style="list-style-type: none"> ◆ 営業力の強化 ◆ 実績データの分析やBIM等を活用した設計力の強化・向上 ◆ 施工体制の強化・拡充 ◆ グループ企業との連携強化
⇒元施工物件における提案営業を強化し、営業ストックを増加させリニューアル工事を拡大 ⇒地場ゼネコンとの関係強化等による受注拡大	
利益の確保・拡大と競争力強化	<ul style="list-style-type: none"> ◆ 工事の平準化やフロントローディング等による施工の効率化 ◆ 全社およびグループ企業と連携したコスト低減 ◆ DXの推進による生産性向上 ◆ 利益の拡大と利益低下の未然防止
⇒大型工事での利益の確保・拡大のための検討会の強化 ⇒中型工事および追加工事の確保による利益率の向上	
人材育成の強化と働き方改革の推進	<ul style="list-style-type: none"> ◆ 施工管理の強化に向けた人材育成 ◆ グループ全体での技術・技能者の確保 ◆ 働き方改革の継続および実践、働きがいのある職場の形成
⇒グループ大での人材の確保・育成、働き方改革等に取り組み、生産性を向上させるとともに従業員エンゲージメントを高める	

Next, we are working on five major measures to achieve our mid-term plan, and in FY2023, we will add some additional measures based on the situation to date.

In the first area of increasing orders and strengthening the construction system, we are working to increase orders for renewal construction by strengthening proposal-based sales and relationships with local general contractors.

In the second area of securing and expanding profits and strengthening competitiveness, we are striving for cost control by strengthening review meetings prior to receiving orders in order to secure and expand profits, especially for large-scale construction projects. We are also working to improve profit margins by securing medium-sized and additional construction projects.

Third, in the area of strengthening human resource development and promoting work style reforms, we are continuing our group-wide efforts to secure and develop human resources, as well as to reform work styles by promoting operational reforms and DX promotion to increase productivity and improve employee engagement.

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中期経営計画2024（主要施策）

品質の向上	<ul style="list-style-type: none"> ◆ 電力安定供給への確実な貢献 ◆ お客さま満足度の向上
<p>⇒日々の高経年化工事に加え、自然災害や緊急工事への迅速な復旧対応 ⇒工事全体にわたる品質向上の推進</p>	
成長投資（M&A・出資等）による事業拡大	<ul style="list-style-type: none"> ◆ 自社の脱炭素化 <ul style="list-style-type: none"> ・自社社屋への自家消費型太陽光発電の設備など ◆ 脱炭素化支援として環境関連ビジネスの推進 <ul style="list-style-type: none"> ・自家消費型太陽光PPA事業など ◆ 施工体制の強化等に向けたM&Aの推進 ◆ 技術研究開発
<p>⇒自社社屋への自家消費型太陽光発電の設置を49か所（2.2MW）で着工 ⇒自家消費型太陽光PPA事業では59件（14.1MW）、ZEB化について7件成約</p>	

In the fourth area of quality improvement, in order to contribute to a stable supply of electric power, we are strengthening co-operation with the Chugoku Electric Power network and working to respond quickly for emergencies. In addition, we are striving to improve quality to ensure customer satisfaction by strengthening check functions of the construction process, as well as the finishing of the installed facilities.

In the fifth area, business expansion through growth investments, we are considering investments in M&A, renewable energy, and other areas. As part of our decarbonization efforts, we are installing photovoltaic power generation equipment at our company buildings and have already begun construction at all of 49 locations. In addition, we are promoting environment-related businesses to support decarbonization for our customers, such as solar PPA projects for private consumption and ZEB conversion.

In the PPA business, we made 59 contracts, including 41 stores operated by Halows Co. Ltd, headquartered in Fukuyama City, Hiroshima Prefecture.

As for ZEB, we acquired ZEB Leading Owner registration and ZEB Planner certification for the construction of our new Okayama Branch Office building in April 2019, and seven contracts were signed in FY2022.

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中期経営計画2024（数値目標:連結）

- 「中期経営計画2024」を、グループ一体となって取り組む
⇒2024年度目標 売上高2,100億円、営業利益120億円



Next is the numerical targets of the Medium-term Management Plan.

In the final year of the plan, FY2024, we target consolidated net sales of JPY210 billion, consolidated operating profit of JPY12 billion, and consolidated operating margin of 5.7%.

It was a very challenging year in FY2022, the second year of the Medium-term Management Plan, with both sales and operating profit falling short of the initial plan. In particular, operating income has seen a decline in construction profitability due to the recent sharp rise in energy and raw material prices, but we will work together as a group to implement the various measures of the Medium-term Plan I have just explained.

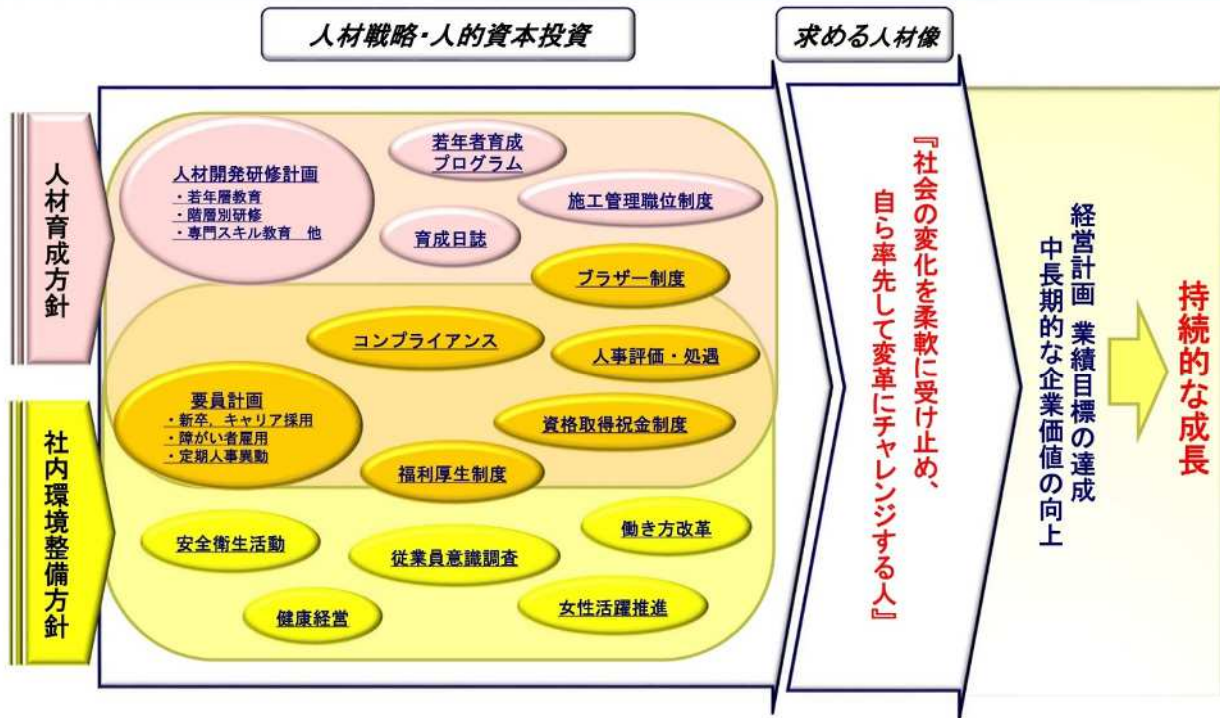
First, we will be working to improve performance in FY2023 and then aiming to achieve our goal in the final year of the plan.

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中期経営計画2024（人材戦略）



Next, I will explain our human resource strategy, which is indispensable for achieving the goals of our Medium-term Management Plan.

We have long positioned people as the source of our corporate value, and based on the recognition that they are our most important asset. Therefore, we have systematically worked on everything from recruitment to training.

In order to continue our sustainable growth in the rapidly changing social and business environment, we have defined the type of person we are looking for as someone who is flexible to changes in society and takes the initiative to take on the challenges of change.

By developing employee development policies and internal environmental improvement policies, we hope to encourage people with diverse personalities and values to work together toward common goals, think independently to create new value, and willingly take on the challenge of change.

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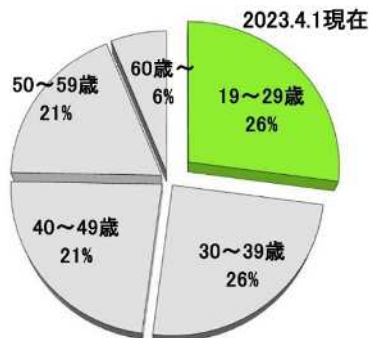
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中期経営計画2024（人材の確保・育成）

定期採用者数

2020年度	2021年度	2022年度	2023年度	2024年度 予定
138名	135	116	135	140

年齢別構成(個別)



有資格者数

資格名	取得者数		
	18年10月	23年4月	増減
電気工事施工管理技士(1.2級)	1,037名	1,214	177
管工事施工管理技士(1.2級)	278名	305	27
技術士	54名	66	12

※施工管理技士(電気工事・管工事)の複数取得者 65名

30歳未満が3割弱

若年社員の成長

技術力・施工力UP

I would like to continue by explaining the status of our recruitment and training efforts.

Although recruiting has been challenging in recent years, the Company has continued to hire 120 to 130 employees and plans to hire 140 at fixed times in FY2024.

As you can see from the pie chart, young workers under age 30 account for a shy of 30% in total, and we believe that the development of such young workers will lead to the strengthening of our construction capabilities.

By working on the human resource strategy I explained earlier, we are striving to quickly train and empower our younger generation. We are also promoting earning electrical and plumbing qualifications that are particularly needed.

These efforts have increased the number of qualified personnel. It is the driving force behind our ability to maintain a high level of sales with the improvement of our technical and construction capabilities.

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資本政策の具体策

持続的な成長のための投資

事業の拡大や人材の確保・育成等、持続的成長に向け、400億円規模の投資を実施する。

- コアおよびコア周辺事業等のM&A
- 人材育成・働き方改革
- 自社の脱炭素化
- 脱炭素化支援として環境関連ビジネスの推進
- 将来有望事業等への投資

【当社コア事業とのシナジーや新たな事業領域の開拓】

- 2022年10月 ジャフコSV7ファンドへの出資

【再生可能エネルギーへの投資】

- 2023年 3月 稼働済み太陽光発電所(セカンダリ案件)4件の取得

Next, we have specific measures for capital policy.

We have set aside JPY40 billion for investments for our sustainable growth. Specifically, we are expanding our business through M&A, investing in renewable energy, and decarbonizing our own operations, as well as PPA projects to support customers' decarbonization projects.

As for results in FY2022, we invested in the JAFCO SV7 Fund, which is operated by the JAFCO Group for the purpose of investing in unlisted companies, as explained in the previous presentation.

In March of this year, the Company also acquired four solar power plants that are already in operation.

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中期経営計画2024（再生可能エネルギーへの投資）

➤ 2023年3月 稼働済み太陽光発電所4件の取得

FIT制度により電力会社へ売電するとともに、制度終了後の自家消費等での活用を見据えた運営・管理で、再生可能エネルギーの長期安定電源化に取り組む

- 発電容量：合計 約5 MW
- 年間発電量：合計 約647万kWh

カーボンニュートラルの実現に向け、自社の脱炭素化とお客さまの脱炭素化支援に取り組み、持続可能な社会の実現に貢献する

《参考》取得太陽光発電所の概要

所在地	広島県 北広島町	広島県 北広島町	鳥取県 鳥取市	山口県 防府市
発電容量	1.0 MW	1.5 MW	1.0 MW	1.5 MW
運転開始年	2013年	2015年	2019年	2022年

Let me now explain the acquisition of solar power plants which are in operation.

We have been investing in renewable energy through the installation of solar power generation equipment at our company buildings and PPA business and have recently acquired four solar power plants that are already in operation.

The four power plants are expected to have a total capacity of 5 megawatts and a total annual generation capacity of approximately 6.47 million kWh. We will sell all electricity generated to electric power companies under the FIT system and will work to make renewable energy a long-term stable power source by operating and managing the plants with a view to utilizing it for private consumption after the end of the FIT system.

As I mentioned earlier, we will contribute to the realization of a sustainable society by working to decarbonize ourselves and support our customers' decarbonization based on the technological capabilities we have developed to achieve carbon neutrality.

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中期経営計画2024（株主還元）

株主還元

持続的・安定的な配当を行うことを重視し、DOE（連結株主資本配当率）2.7%を目処に配当を行う。
経営環境等を総合的に勘案したうえで、必要に応じて自己株式取得を実施する。

		2021年度	2022年度
配 当 金	年間1株当たり配当金	104円	104円
	D O E	2.75%	2.93%
	連結配当性向	86.0%	—
	連結総還元性向	106.1%	—
自己株式取得	株 数	60万株	39万株
	金 額	13億円	8億円

【参考】 配当利回り 4.75%（2023年5月30日 終価 2,190円）

Next is the dividend policy.

With respect to shareholder returns, we place emphasis on providing sustainable and stable dividends, and will continue to target the DOE (dividend on equity) ratio of 2.7%. In addition, we will repurchase our own shares as necessary, taking into consideration the overall business environment and other factors.

For FY2022, we plan to pay DOE of 2.93% and an annual dividend of JPY104 per share. Despite the net loss for the period due to the large number of losses recorded, we continue to pay stable dividends by setting DOE as a target.

As for treasury stock, 390,000 shares were repurchased last December for the total of JPY800 million.

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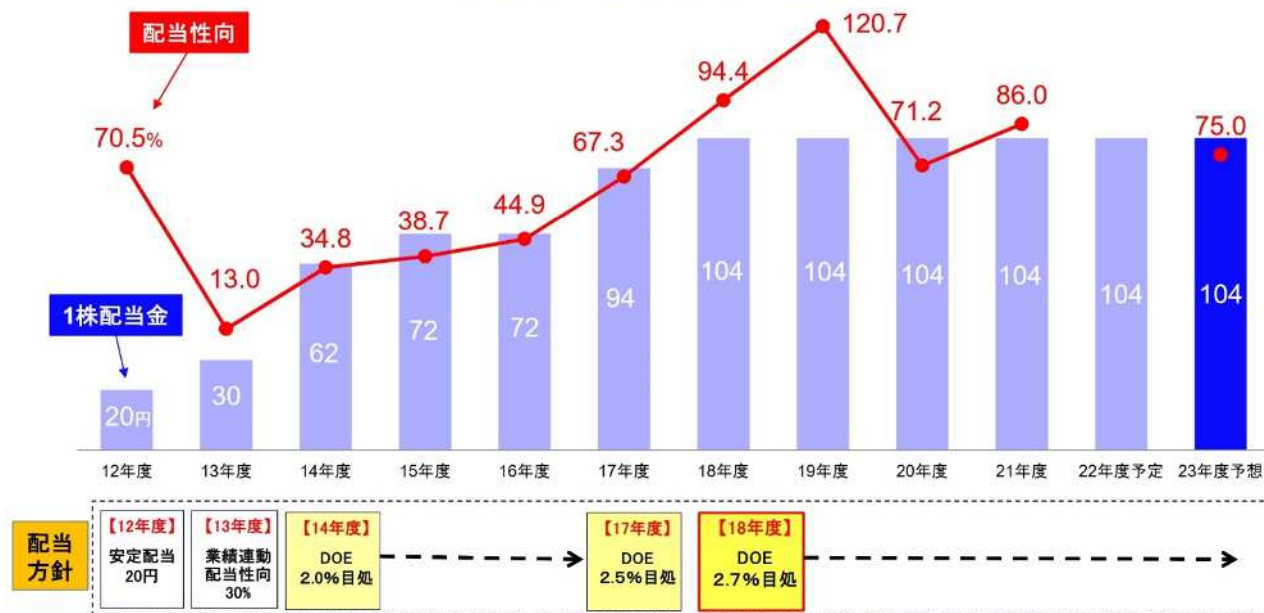
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2023年度配当予想（配当金・配当性向）

➤ 2023年度もDOE2.7%を目処に年間1株当たり104円を予想

配当金・配当性向の推移



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The following is a summary of dividends and dividend payout ratio.

The blue bar graph shows the dividend per share and the red line graph shows the dividend payout ratio.

The DOE was adopted in FY2014 and has continued to increase the rate from 2% target to 2.7% in FY2018. For FY2023, we forecast JPY104 per share for the year. Since there was a net loss in FY2022, there is no dividend payout ratio figure for this fiscal year.

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中電エグループ 2030ビジョン (テーマ・目指すグループ像)

テーマ

「変革と成長」～持続的な成長に向けて～

目指すグループ像



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Next, I would like to reiterate the CHUDENKO Group 2030 Vision which was announced last October as I explained at the previous briefing.

The vision we have formulated this time represents the ideal state of our group toward FY2030.

The theme was reiterated as "Change and Growth," as it is essential for the Group to continue to take on the challenge of change in response to change in order to continue to grow amidst an uncertain future outlook.

The three images we are aiming as a group are; "achieving sustainable growth and contributing to the realization of a sustainable society," "challenging change with pride and joy for all who work for us," and "meeting the diverse needs of society with advanced technology and high quality".

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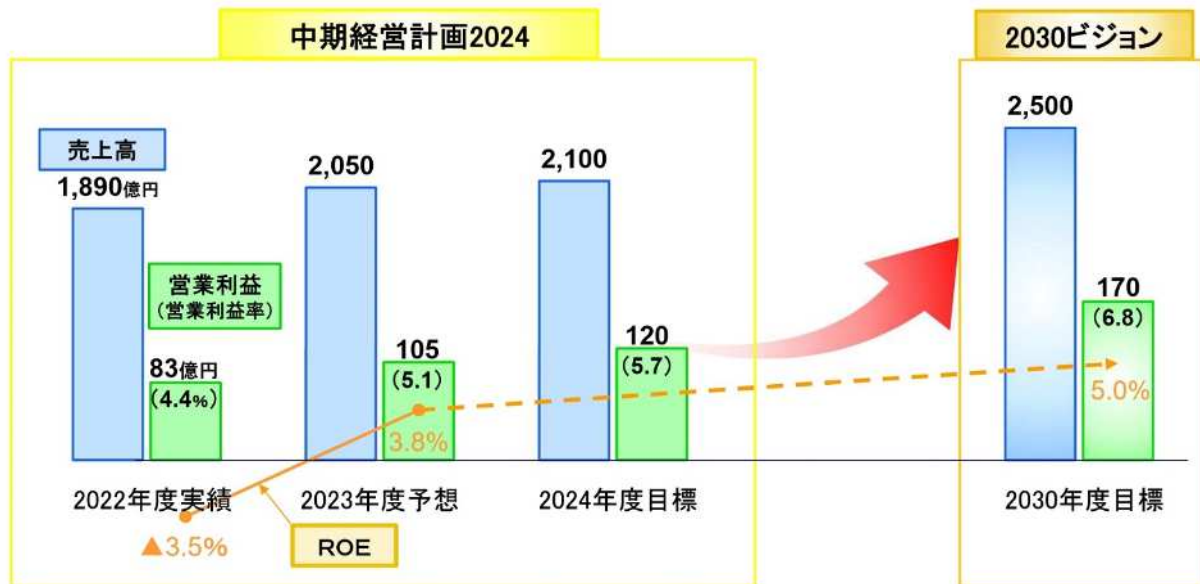
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中電エグループ 2030ビジョン（目標）

- 連結業績 売上高:2,500億円 営業利益:170億円 ROE:5.0%以上
- カーボンニュートラルに向けたCO₂排出量の削減:46%以上(2013年度当社比)
- 多様な人材の活躍と多様な働き方を実現する環境づくり



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This is the target for FY2030.

The first one is aiming for consolidated net sales of JPY250 billion and operating profit of JPY17 billion. We have set a new ROE target of at least 5.0%.

Second one, we will reduce CO₂ emissions by 46% or more compared to FY2013 toward carbon neutrality.

Third, we will work to create an environment where diverse personnel can play active roles and work in a variety of ways.

We will work as a unified group to realize this vision and strive to enhance our corporate value so that we can earn even greater trust and appreciation from all stakeholders.

This concludes our presentation,. The following materials are for reference only and we skip explanation. Thank you for your attention.

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Q&A

Moderator [Q]: we will now move on to the Q&A session. The Q&A session will begin around 10:30. Please wait for a little while.

Thank you for your patience. Now we move on to Q&A. Since we have not received any questions at this time, we would like to answer the questions that we receive from our investors on a daily basis.

This is the first question. Please tell us your assessment of the current financial results. President, please answer.

Shigeto [A]: As for the results for FY2022, sales and each profit item were lower than last year, as I explained earlier. We also posted a large loss at the end of the fiscal year due to a decline in the profitability of our overseas investment business, and we take this very seriously.

Despite these difficult conditions, there are some bright spots toward FY2023. Orders received on a non-consolidated basis have significantly exceeded those of the previous fiscal year, and the amount carried over to the next fiscal year at the end of FY2022 is also a record high. We are confident that these factors will contribute greatly to our future performance.

The CHUDENKO Group is committed to achieving further sustainable growth and working toward big goals through the Medium-term Management Plan 2024, which targets FY2024. Beyond that, we will work through the CHUDENKO Group 2030 Vision of where the Group wants to be.

To be there, we will first work together as a group to implement the various measures of the Medium-term Management Plan to achieve the performance targets for FY2023, which we have just set, and to achieve the targets for the final year of the Medium-term Management Plan. That is all.

Moderator [Q]: Thank you very much. Next question. The question is about how you view the order environment.

President, please answer.

Shigeto [A]: In the construction industry, public capital investment is firm and private capital investment is picking up. CHUDENKO on a non-consolidated basis received more orders by JPY14.2 billion in FY2022 compared to the previous fiscal year. FY2023 will be lower than FY2022, but we think it still remains at a high level.

On the profit side, although there has been a slight improvement in the profit margin on orders received as customers' understanding in the price pass-on is increasing, the situation remains challenging due high cost of materials and outsourcing costs associated with rising prices. That is all.

Moderator [Q]: Thank you very much. Next question. The question is if the performance targets for FY2023 are achievable. President, please answer.

Shigeto [A]: As I explained earlier, we expect to increase sales and profits in FY2023.

First of all, with regard to sales, the amount carried over to the next fiscal year at the end of FY2022 on a non-consolidated basis for CHUDENKO has increased significantly, reaching a record high of JPY116.0 billion, an

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increase of JPY19.5 billion YoY. We expect to increase revenues in FY2023 by ensuring the completion of these projects.

As for operating profit, we expect to face difficult conditions due to persistently high energy and raw material prices, but we will strive to link the increase in net sales to higher income through thorough cost control.

Finally, although ordinary profit and net income will increase significantly compared to FY2022, we do not expect any losses associated with overseas business investments, and we believe that the increase in operating profit will help us achieve our respective income targets. That is all.

Moderator [Q]: Thank you very much. Next question. Please tell us about your commitment to sustainability. President, please answer.

Shigeto [A]: As of April 1, we established a Sustainability Promotion Committee. In preparation for the formulation of next Medium-term Management Plan, which will follow the Medium-term Management Plan 2024, we will re-examine the issues that will lead to management structural reforms that will enable the Group to continue to grow and generate profits.

We will deepen our consideration of goals, concepts, strategies, tactics, and roadmaps for solving and realizing each issue, and will steadily implement from those that are successfully formulated.

The purpose of management structure reform here is to ensure that the Group continues to be sought after by society and to exist amid an increasingly severe business environment, which we believe and call sustainability in the broadest sense.

The issues to be considered by this committee are to determine specific themes within the broad categories of human resource development, business organization reform, and environmental response, and to manage the progress of measures to address each issue while producing solid results. That is all.

Moderator [Q]: Thank you very much. Move on to the next question. The questions is, tell us about the future prospects for your overseas business investment, which has incurred a large loss this time.

President, please answer.

Shigeto [A]: We are very sorry for your concern about the losses related to this overseas business investment. The Company takes this matter very seriously and has decided to reduce the remuneration for executive officers.

As for the future outlook, we have nothing new to report at this point, as I explained earlier. Since we have confidentiality obligations under the contract, we would like to announce you when we decide on new matters that we can report. That is all.

Moderator [Q]: Thank you very much. Next question. Why have you changed to a company with audit and supervisory committee.

President, please answer.

Shigeto [A]: We believe that the transition to a company with an audit and supervisory committee will speed up decision-making and enhance deliberations by the Board of Directors, since important business execution decisions that must be made by the Board of Directors can be delegated to executive directors.

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The Audit Committee also has the right to express its opinions regarding the appointment and compensation of directors other than Audit Committee members, and Audit Committee members have voting rights at Board of Directors meetings, which we believe will strengthen the supervisory function.

Four other companies in the same industry have adopted this system: Yurtec, YONDENKO, Toenec, and KYUDENKO.

That is all.

Moderator [Q]: Thank you very much. Next question. I was wondering what your thoughts about one time PBR, which is also hired by the TSE.

President, please answer.

Shigeto [A]: Our P/B ratio is below one time and we recognize that TSE is seeking management that is conscious of capital costs and stock prices which is a challenge for us.

We intend to address the improvement of PBR by basically increasing corporate value. Specifically, as stated in our Mid-term Management Plan 2024, we will work to improve performance through business expansion and growth investments, maintain dividend levels, purchase treasury stock when necessary, and engage in proactive IR and SR activities.

We intend to further discuss the matter with management and the Board of Directors, and we would like to present to you with a direction in which we intend to take.

That is all.

Moderator [Q]: Thank you very much. Next question is, how are the results of the JPY40 billion investment?

President, please answer.

Shigeto [A]: In FY2021, we are investing in Samaiden Bhd, which is engaged in solar power installation and related businesses in Malaysia and are considering renewable energy projects with our consolidated subsidiary, CHUDENKO Malaysia.

In addition, we invested in the JAFCO SV7 Fund, with hopes to find new investment partners, acquire investment knowledge and expertise, and generate new profits. We also have acquired four solar power plants that are already in operation, as I explained earlier.

We will continue to work on investments related to good renewable energy projects that will lead business expansion, M&As related to the air-conditioning and plumbing equipment work, and grouping of companies that will strengthen our business structure, without being limited to the JPY40 billion limit. That is all.

Moderator [Q]: Thank you very much. Next question. The questions is, are the target figures set forth in the vision feasible?

President, please answer.

Shigeto [A]: As I explained earlier, the numerical targets for the final year of the Medium-Term Management Plan 2024 are consolidated net sales of JPY210 billion and consolidated operating profit of JPY12 billion. To achieve this, the new vision calls for an increase in net sales of JPY40 billion and operating profit of JPY5 billion, and a new ROE target of 5% or higher.

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In order to achieve this big goal, we believe that it is important to steadily implement the various measures of the Medium-term Management Plan and achieve the goal for the final year of the Medium-term Management Plan. To this end, we will achieve our performance targets for FY2023, thereby demonstrating the various measures we have taken in the form of improved performance. We intend to improve our ROE to achieve this goal by continuing our dividend policy, in addition to the effects of improved business performance.

While looking to the future, we hope to achieve our goals for FY2030 by steadily taking steps from year to year. That is all.

Moderator [Q]: Thank you very much. Okay, now the next and last question. Chugoku Electric Power Company's performance has deteriorated due to soaring fuel costs and cartels, and I am wondering if there is any impact on CHUDENKO.

President, please answer.

Shigeto [A]: I am aware of the deteriorating performance of Chugoku Electric Power Company and the increase in electricity rates through press materials and newspaper articles.

On the other hand, we receive orders for distribution line construction and peripheral transmission and substation work from Chugoku Electric Power Network, a subsidiary of Chugoku Electric Power Company and a general transmission and distribution operator. The system of transmission charges, which is the income of transmission and distribution companies, will be changed from FY2023.

We are aware that the necessary costs for aging measures, such as the renewal of transmission and distribution facilities that were installed during the high economic growth period, will be incorporated into the transmission charges as in the current system, and we believe that we will continue to receive orders from the Chugoku Electric Power network in the future.

However, as a member of Energia Group, which is led by Chugoku Electric Power Company, we will closely monitor the situation going forward.

That is all.

Moderator [M]: Thank you very much. There are no more questions, so we will now conclude the briefing on the financial results of CHUDENKO Corporation for FY2022.

Shigeto [M]: Thank you very much.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
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