

# **Presentation Material for Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2024 (FY2023)**

**November 17, 2023  
TAIHEI DENGYO KAISHA, LTD.**

## **I. Financial Results for the Second Quarter of FY2023**

## **II. Dividend Policy and Initiatives to Enhance Corporate Value in FY2023**

## **III. Status of Initiatives in Mid-Term Business Plan**

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## **I. Financial Results for the Second Quarter of FY2023**

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# Consolidated Financial Summary

(In millions of yen)	Initial plan	Actual results for 1H FY2023	Full-year forecast for FY2023	Achievement	1H FY2022 (Reference value)	Change from FY2022 (Reference)
				(Rate)		(Rate)
Orders received	75,000	64,253	150,000	42.8%	57,572	11.6%
Net sales	65,000	58,081	135,000	43.0%	59,130	-1.8%
Operating profit	5,400	3,210	11,900	27.0%	6,438	-50.1%
Ordinary profit	5,900	4,364	12,700	34.4%	7,797	-44.0%
Profit attributable to owners of parent	3,800	3,129	8,400	37.3%	5,587	-44.0%

# Consolidated Net Sales by Segment (Construction and Maintenance)

	Net sales					
	Initial plan	Actual results for 1H FY2023	Full-year forecast for FY2023	Achievement rate	1H FY2022 (Reference value)	Change from FY2022 (Reference)
(In millions of yen)						
Construction Segment	26,368	19,869	47,849	41.5%	19,641	1.2%
Maintenance Segment	38,632	38,212	87,151	43.8%	39,488	-3.2%
Total	65,000	58,081	135,000	43.0%	59,130	-1.8%

## Consolidated Operating Profit by Segment (Construction and Maintenance)

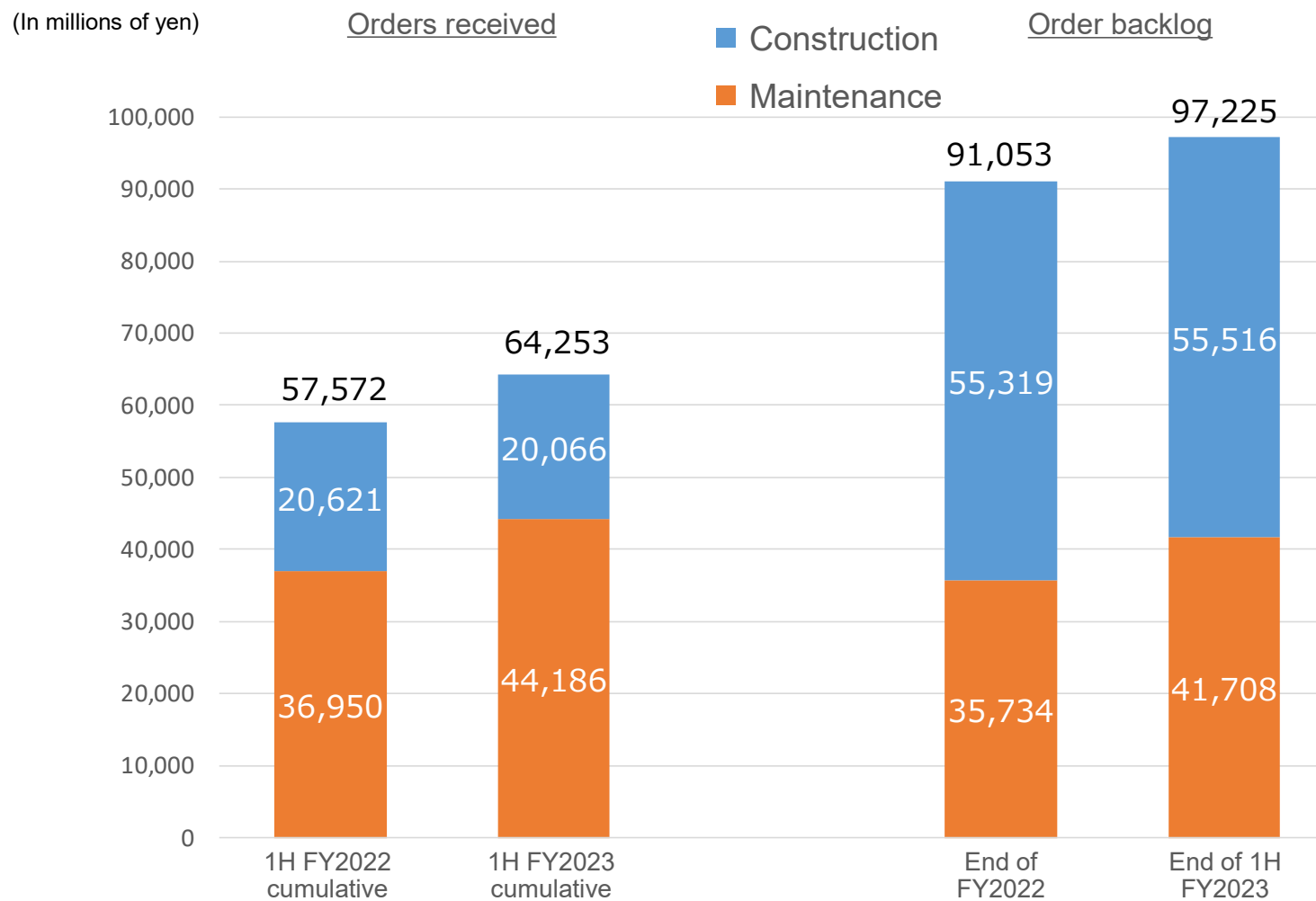
(In millions of yen)	Operating profit					
	Initial plan	Actual results for 1H FY2023	Full-year forecast for FY2023	Achievement rate	1H FY2022 (Reference value)	Change from FY2022 (Reference)
Construction Segment	896	-561	1,508	-37.2%	965	-158.1%
Maintenance Segment	4,504	3,771	10,392	36.3%	5,473	-31.1%
Total	5,400	3,210	11,900	27.0%	6,438	-50.1%

(Note) Operating profit is the result after total company expenses have been allocated to each segment.

# Consolidated Cash Flows

(In millions of yen)	1H FY2019 (Reference)	1H FY2020 (Reference)	1H FY2021 (Reference)	1H FY2022 (Reference)	1H FY2023	Five-year average
Cash and cash equivalents at beginning of period	17,942	16,974	30,941	19,397	48,689	26,789
Cash flows from operating activities	-2,977	9,524	2,156	16,021	-4,474	4,050
Cash flows from investing activities	-2,817	-848	-5,056	-1,055	-856	-2,126
Cash flows from financing activities	3,436	-2,817	-5,646	-1,780	-2,615	-1,884
Effect of exchange rate change on cash and cash equivalents, etc.	-122	-56	27	631	460	188
Net increase (decrease) in cash and cash equivalents	-2,481	5,802	-8,519	13,817	-7,485	227
Cash and cash equivalents at end of period	15,460	22,777	22,422	33,215	41,204	27,016
Free cash flows	-5,795	8,676	-2,900	14,966	-5,330	1,923

# Orders Received and Order Backlog (Consolidated)

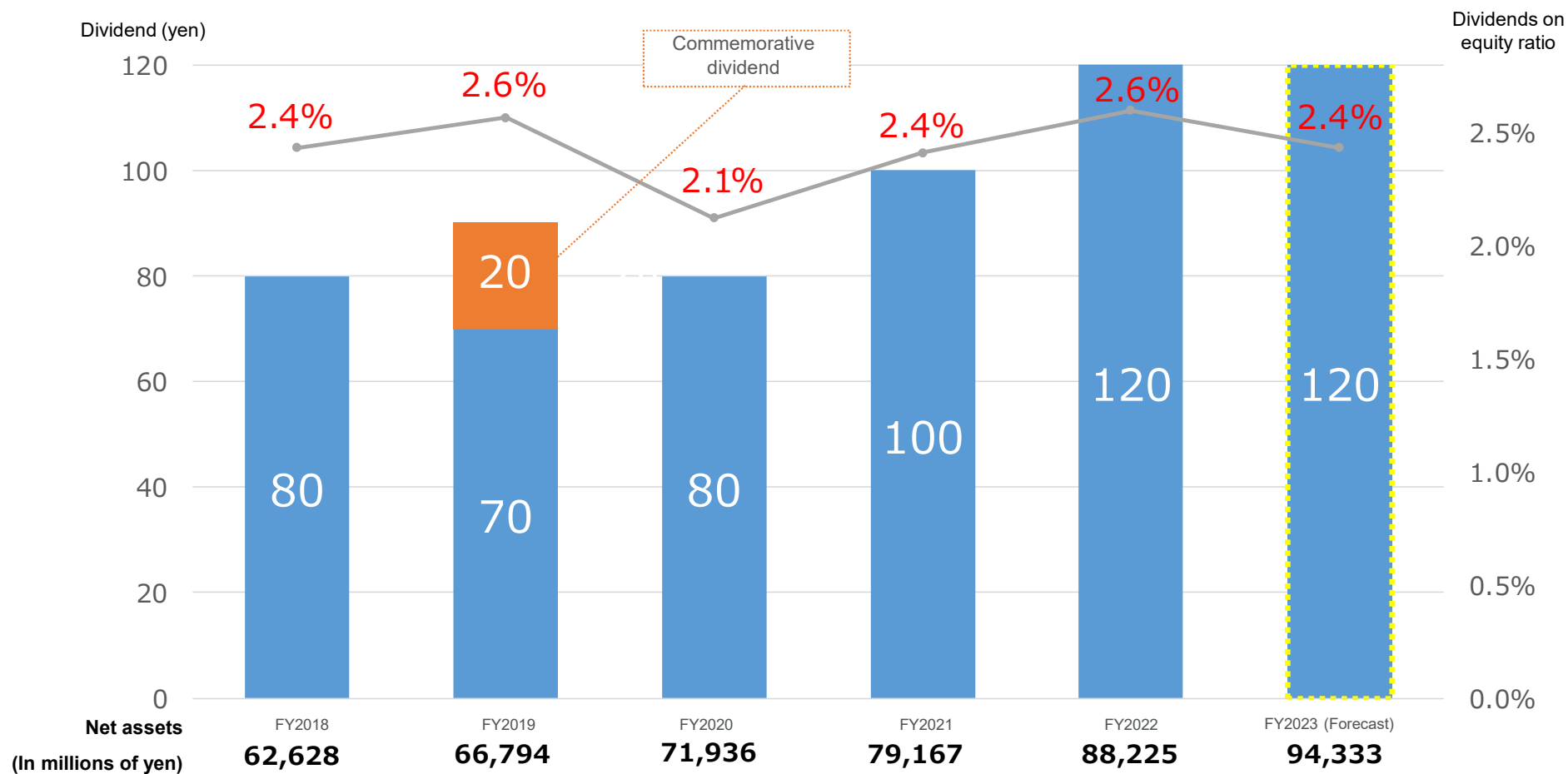


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## **II. Dividend Policy and Initiatives to Enhance Corporate Value in FY2023**

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# Dividend Policy: Dividends and Dividends on Equity (DOE) (Consolidated)



\*Net assets exclude non-controlling interests.

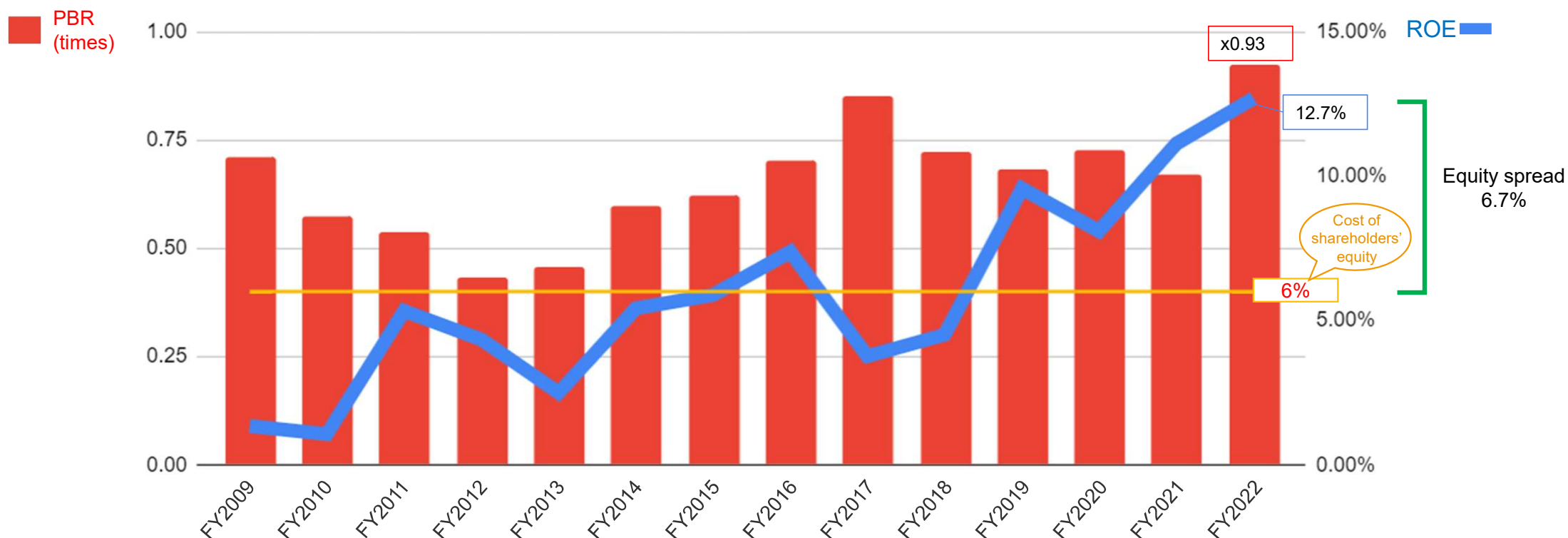
# Initiatives to Enhance Corporate Value

- Equity spread performance has been positive and stable in the past few years due to increased ROE.
- PBR is at a low level (low appeal and visibility for shareholders and investors and PER left at a low level).

FY2022 Performance

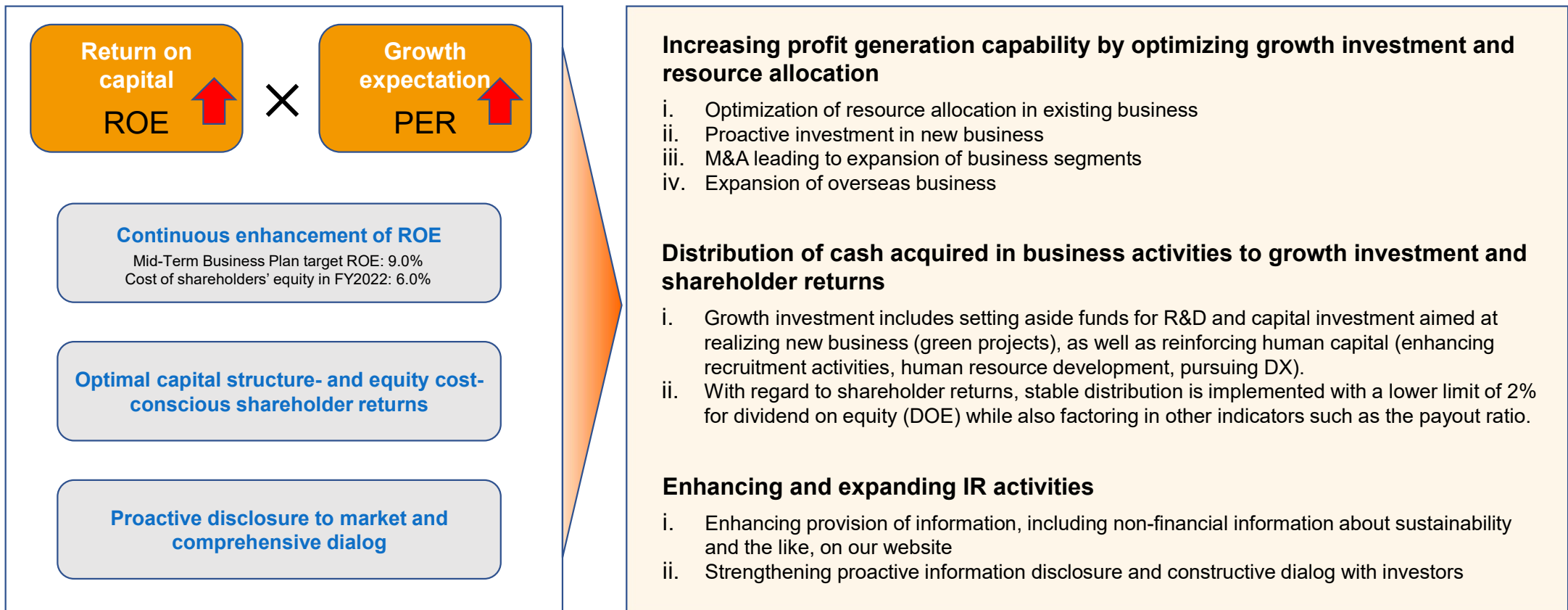
$$\begin{array}{ccccc} \text{ROE} & \times & \text{PER} & = & \text{PBR} \\ 12.7\% & & \times 7.3 & & \times 0.93 \end{array}$$

## Changes in PBR and ROE



# Initiatives to Enhance Corporate Value

- By steadily implementing various measures in the Mid-Term Business Plan, we aim to improve capital productivity.
- We are increasing understanding of the company's initiatives through dialog with investors.



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## **III. Status of Initiatives in Mid-Term Business Plan**

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# Mid-Term Business Plan: Basic Policy

## Targets for FY2025

Net sales  
**150.0 billion yen**

ROE  
**9% or more**

**Aggressive management contributing to development of society**  
**Co-creation management leading to new corporate value**

**Increasing sales by strengthening core businesses**  
(thermal/nuclear power plants, environmental facilities,  
decarbonization)

**Initiatives aimed at new business**  
(green projects—aggressive EPC)

**M&A**

**Defensive management approach enabling prompt  
response to changes in social structure**

**Adapting to upper limit  
restriction on overtime**

**Securing and developing  
human resources**

**Organizational operation  
focused on safety  
and quality**

**Responding to issues in previous mid-term business plan**

**Expansion of EPC and O&M businesses**

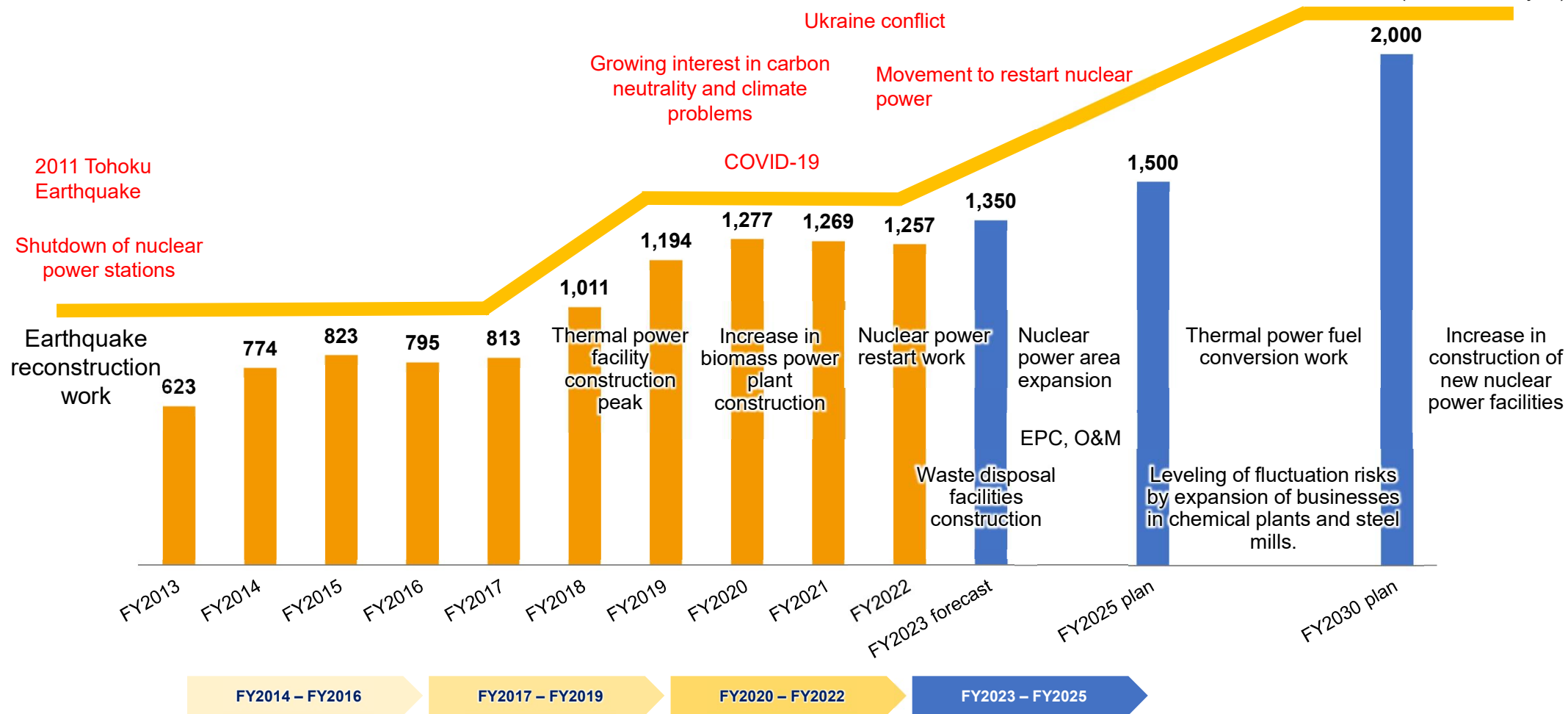
**Expansion of overseas business**

# Changes in External/Internal Environment and Changes in Net Sales



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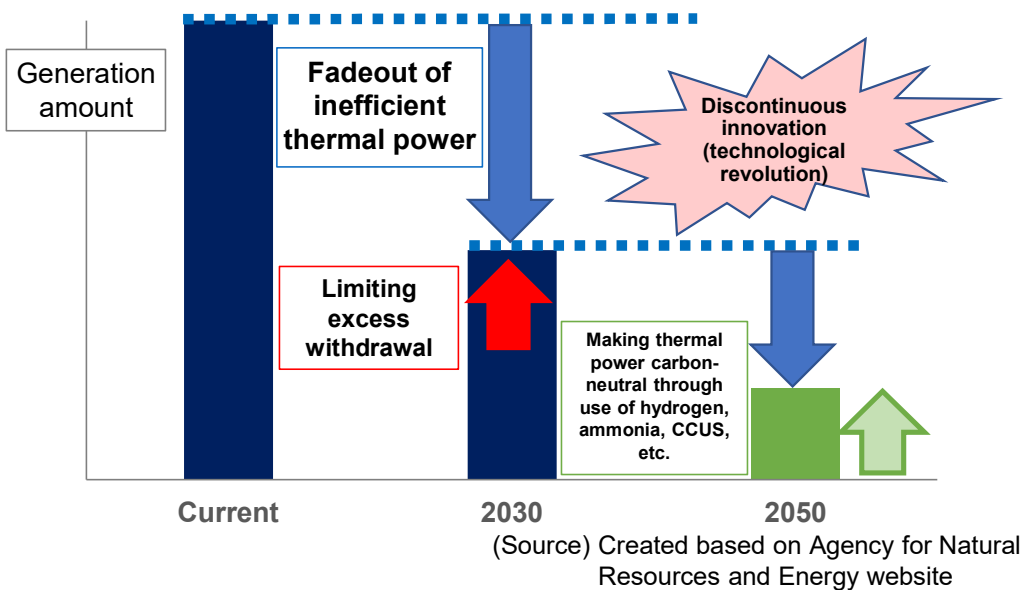
(In millions of yen)



# Strengthening Core Business: Adapting to Changes with Aim of a Carbon-Neutral Society (1)

## Government Policy for carbon-neutral thermal power generation

- Aiming to reduce the proportion of coal-fired thermal power from its current level of around 32% to 19% by FY2030.
- Expanding introduction of renewable energy and promoting switching to carbon-neutral thermal power generation.
- Striving to form a well-balanced fuel portfolio and reducing CO<sub>2</sub> emissions while maintaining a stable energy supply.



## Our efforts

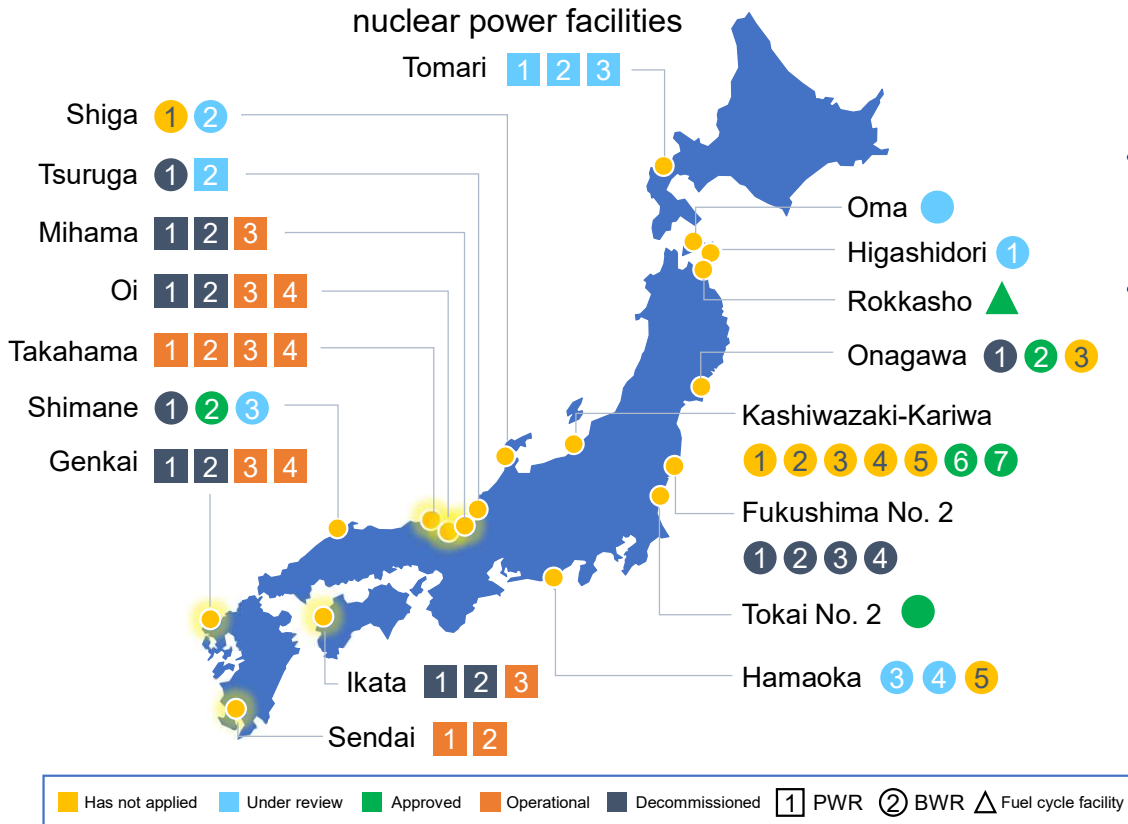
- Engaging in a wide range of projects in response to increasing demand for carbon-neutral energy

<b>H<sub>2</sub> Hydrogen</b> <ul style="list-style-type: none"> <li>• Fuel conversion works for gas turbine electric power generation</li> </ul>	<b>Wind power</b> <ul style="list-style-type: none"> <li>• Construction of onshore wind power facilities</li> <li>• Development of demolition methods</li> </ul>
<b>NH<sub>3</sub> Ammonia</b> <ul style="list-style-type: none"> <li>• Fuel conversion works</li> </ul>	<b>Solar power</b> <ul style="list-style-type: none"> <li>• Introduction of solar power at own facilities</li> </ul>
<b>Woody biomass</b> <ul style="list-style-type: none"> <li>• Seifu-Shinto Biomass Power Plant</li> <li>• Development of EPC and O&amp;M</li> </ul>	<b>Hydraulic power</b> <ul style="list-style-type: none"> <li>• Construction and maintenance works</li> </ul>
<b>Geothermal generation</b> <ul style="list-style-type: none"> <li>• Construction works and maintenance</li> </ul>	<b>Nuclear power</b> <ul style="list-style-type: none"> <li>• SMR and new innovative reactors</li> <li>• Growing momentum for restart of nuclear plants</li> <li>• Response to decommissioning works and improve work methods</li> </ul>

# Strengthening Core Business: Adapting to Changes with Aim of a Carbon-Neutral Society (2)

## Restarting of nuclear power plants

Status of compliance screening for new standards for nuclear power facilities



(Source) Japan Nuclear Safety Institute

## Our efforts

- We have an extensive track record of construction and maintenance work, and we are aiming to increase the volume of work by leveraging the strengths that have given us technical advantages.
- We are contributing to safety measure implementation work across Japan by leveraging our remarkable track record in such work, which is required for restarting nuclear power plants.
- We are expanding our work area through safety measure implementation projects.

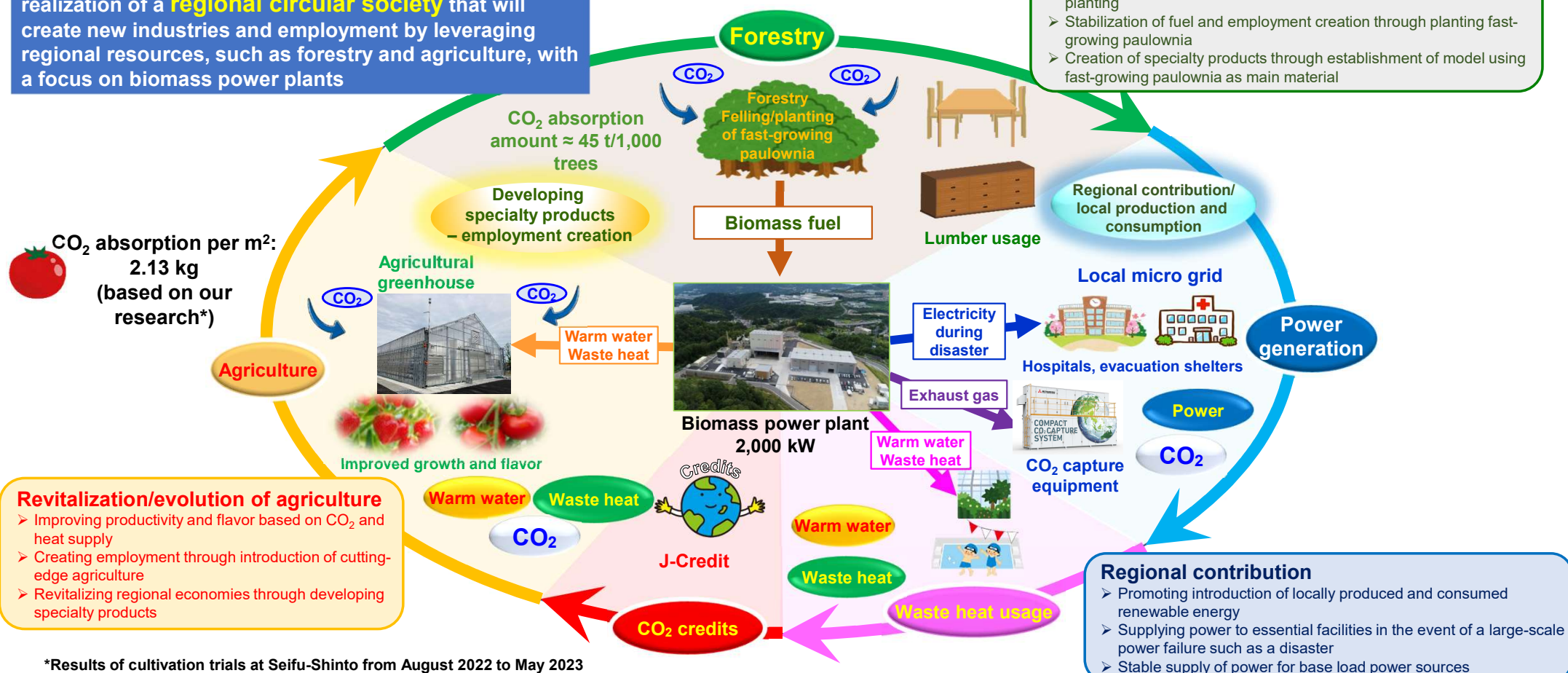
	No. of nuclear power facilities	No. with which we have track record
Already operational	12 sites (periodic inspection in progress at 1 site)	7 sites
Approved	6 sites	6 sites
Under review	10 sites	9 sites
Has not applied	8 sites	8 sites

(As of September 15, 2023)



The purpose of “green projects” is to aim for the realization of a **regional circular society** that will create new industries and employment by leveraging regional resources, such as forestry and agriculture, with a focus on biomass power plants

- Forest restoration through felling of deteriorated forest and tree-planting
- Stabilization of fuel and employment creation through planting fast-growing paulownia
- Creation of specialty products through establishment of model using fast-growing paulownia as main material



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# New Business: Significance and Progress Status of Green Projects

- Developing power generation business in collaboration with local governments, revolving around initiatives at biomass power plants.  
Starting nationwide development to realize green projects in 2025.

## Starting green projects

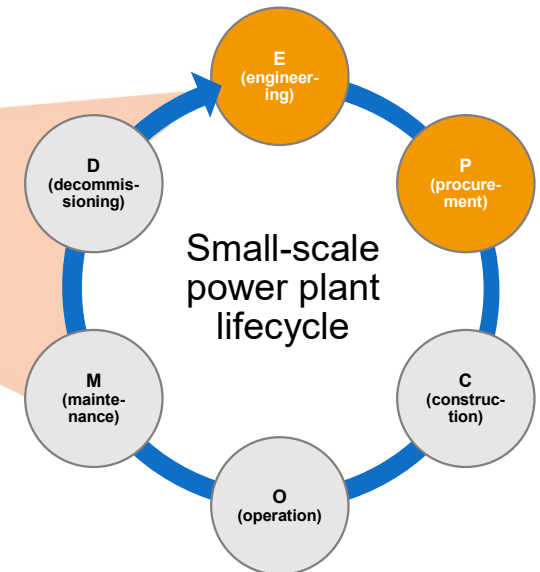
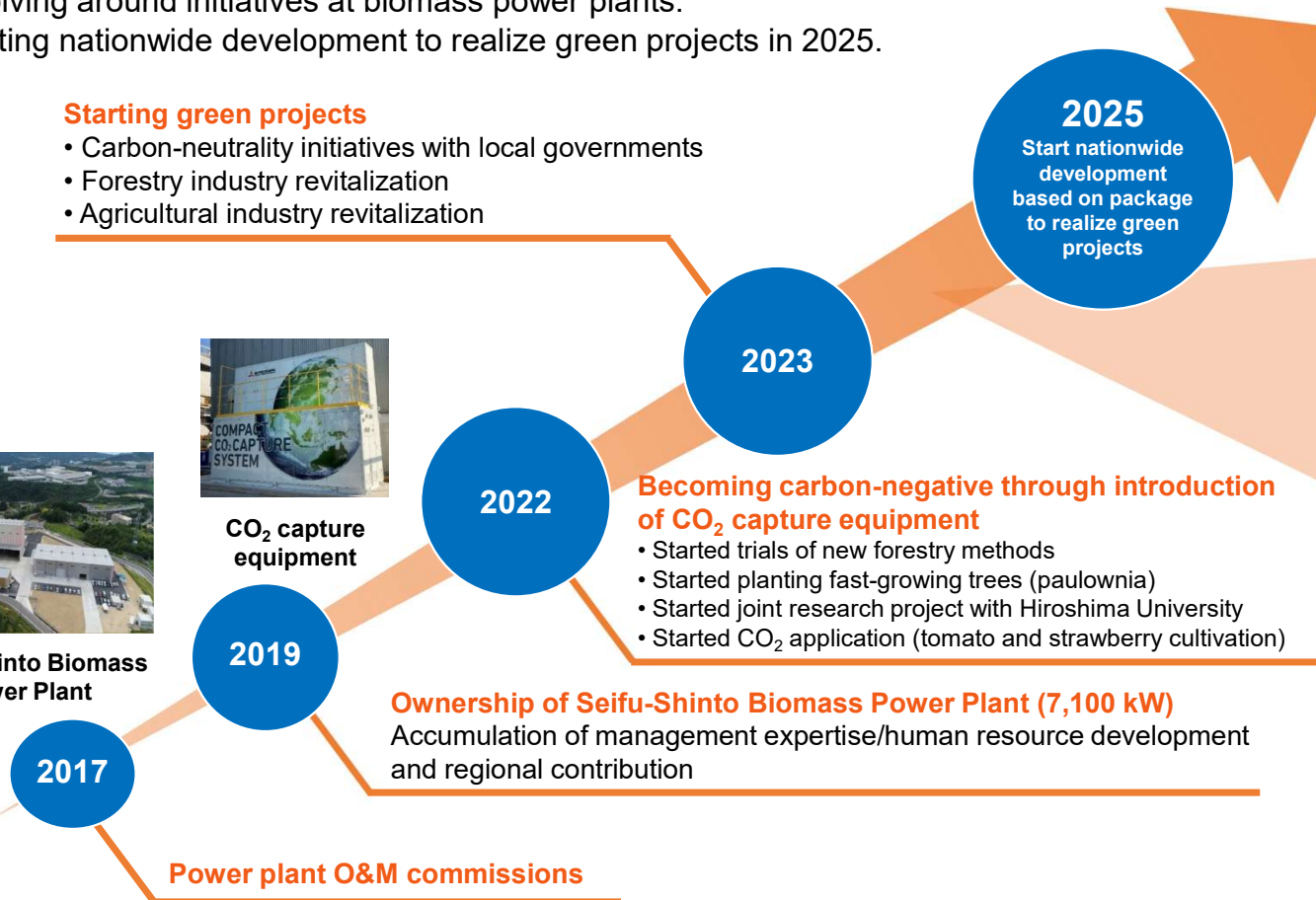
- Carbon-neutrality initiatives with local governments
- Forestry industry revitalization
- Agricultural industry revitalization



Seifu-Shinto Biomass Power Plant



CO<sub>2</sub> capture equipment



- Increasing net sales through EPC orders
- Strengthening efforts to shift from construction work to highly profitable operation and maintenance work that provides long-term stability

# New Business: Starting Green Project (Forestry Industry Revitalization)

## ● Developing new methods for forestry industry

### Issues in forestry industry

- (1) Making human operations in harsh natural environment easier and more efficient
- (2) Reducing production costs with efficient system adapted to on-site work conditions (slopes, etc.)

➔ Focus on logging work, for which costs are especially high

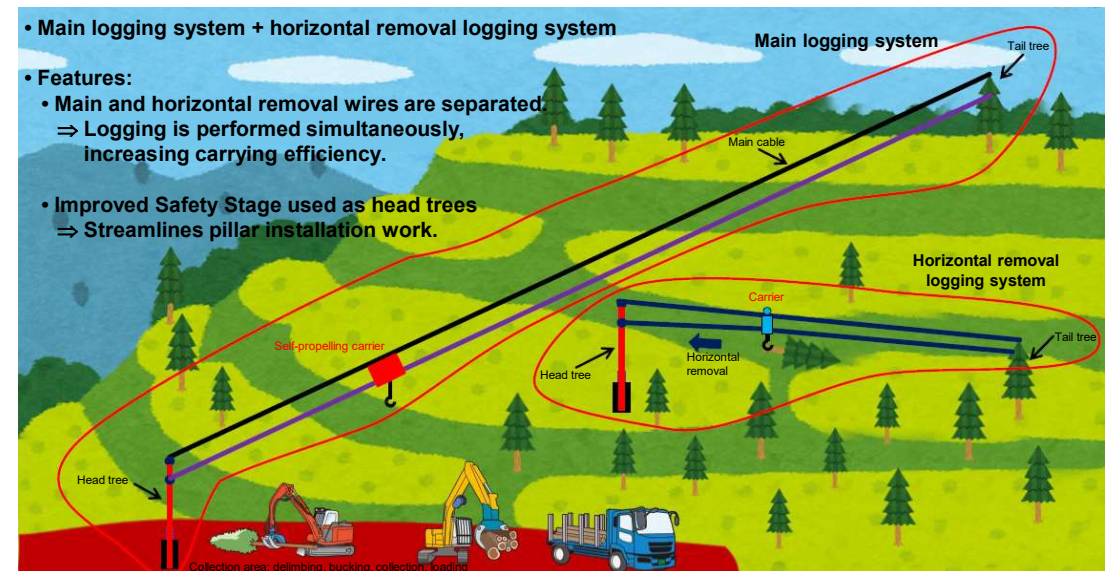
Conducted experimental trials (June–August 2023)



- Logging using self-propelled carrier
- Cables are main cable and work cable
- Equipment carrying capacity: 800 kg
- \* Trial was hoist logging (30 degrees), so carrying capacity was 400 kg

### Introduction of logging system using supporting pillars created by improving Safety Stage product developed by Taihei Dengyo

- Streamlining of preparation work such as installation and removal of overhead wiring
- New method enables logging of wide area with a single installation



# New Business: Attention Focused on Green Project (Biomass Power Plant)

- The Seifu-Shinto Biomass Power Plant receives visits and tours from various people.

## Over 50 tours held since January 2023

- Local public organizations: **8** tours
- Power generation operators: **5** tours
- Companies involved in small-scale power plant design and procurement: **18** tours
- Other: **25** tours

March 2023: High school student group from Hiroshima G7 Summit Junior Conference

May 2023: Invitation of Ukraine Project for Emergency Recovery and Reconstruction

September 2023: Delegation from Asia CCUS Network, etc.



High school student group participating in Hiroshima G7 Summit Junior Conference



Ukraine Project for Emergency Recovery and Reconstruction (the 2 people in the middle are affiliated with the Government of Ukraine)

**\*Tours for analysts and institutional investors are planned for January 2024 onward.**



Asia CCUS Network – delegation from research institutes in various countries

# Business Overview

<b>Power Plants</b>	Construction and maintenance, operations and maintenance, and outsourced operations of thermal, nuclear, gas-turbine, diesel engine, geothermal, combined cycle and wind power plants
<b>Industrial Plants</b>	Construction and maintenance, including design and production of steel mill, petrochemical, sugar refining, cement and other industrial plants
<b>Environmental Facilities</b>	Construction and maintenance of refuse incineration, sludge treatment and waste recycling plants
<b>Electrical &amp; Instrumentation</b>	Design, manufacture, installation and maintenance of various electrical systems, sub-stations, control systems, optical fiber communication systems, and instrumentation and building electrical facilities
<b>Civil &amp; Architectural</b>	Design and construction of various kinds of industrial plants, including heat ventilation and air conditioning systems, utility sanitary systems, etc.
<b>Fabrication</b>	Design, procurement and fabrication of machined products, tanks, piping, Class-2 pressure vessels, electrical & control panels, etc.

Work for the prosperous society always as ever

×

Support social norms



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