

SRG TAKAMIYA CO., LTD.

Results Briefing Materials for the Fiscal Year Ended March 31, 2017

– 2017.5.17 –



SRG Takamiya
SUPER RENTAL GROUP

Company Overview of SRG TAKAMIYA CO., LTD.

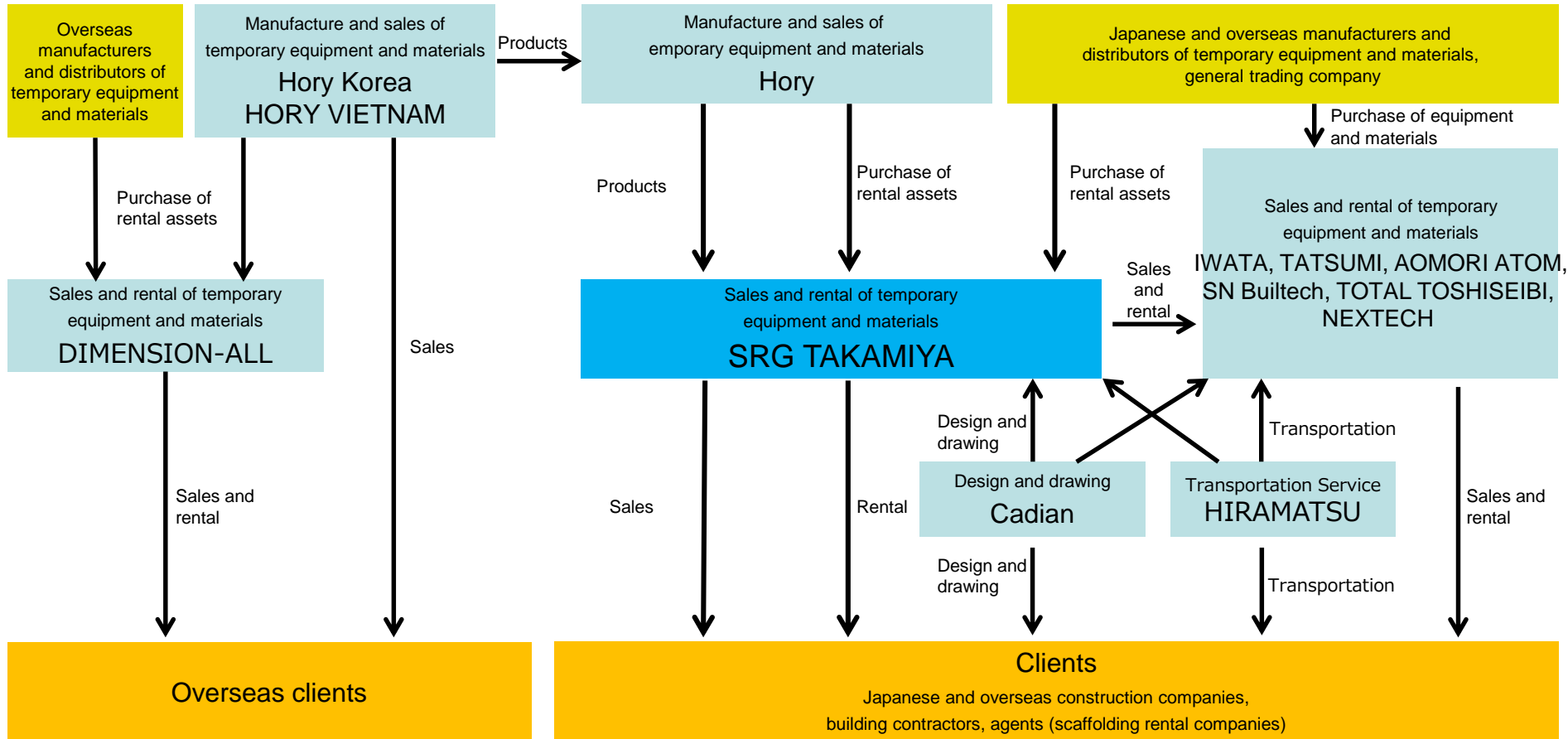
Trade name	SRG TAKAMIYA CO., LTD.
Incorporation	June 21, 1969
Representative	President and representative director, Kazumasa Takamiya
Capital	714,770,000 yen
Number of employees	Consolidated : 1,010; Non-consolidated : 452 (As of end-March, 2017)
Registered head office	Grand Front Osaka, Tower B, 27F, 3-1 Ofuka-cho, Kita-ku, Osaka, Japan
Business locations	Branches: Tohoku-Sendai, Tokyo, Nagoya, Osaka, Niigata, Kyushu-Fukuoka (total: 6) Business offices: Sapporo, Morioka, Fukushima, Tsukuba, Kashima, Ichihara, Shizuoka, Hokuriku, Keiji, Shikoku, Hiroshima, Okinawa (total: 12) Equipment and materials centers: Aomori-Higashidori, Iwate-Morioka, Miyagi-Sendai, Miyagi-Sendai No. 2, Fukushima-Sukagawa, Niigata-Yokogoshi, Niigata-Higashimino, Niigata-Kenoh, Ibaraki-Chuo, Ibaraki-Tsukuba, Ibaraki-Dejima, Ibaraki-Kashima, Chiba-Okido, Chiba-Ichihara, Saitama-Kuki, Kanagawa-Aikawa, Nagano-Ngano, Shizuoka-Yoshida, Ishikawa-Kanazawa, Tokai-Kisosaki, Shiga-Omihachiman, Osaka-Hirakata, Osaka-Settsu, Osaka-Kishiwada, Wakayama-Momoyama, Hyogo-Tojo, Kagawa-Sanuki (total: 27)
Consolidated subsidiaries	Hory Corporation; Hory Korea Co., Ltd.; HORY VIETNAM Co., Ltd.; Cadian Co., Ltd.; IWATA Co., Ltd.; TATSUMI Co., Ltd.; HIRAMATSU Co., Ltd.; SN Builtech Co., Ltd.; AOMORI ATOM Co., Ltd.; TOTAL TOSHISEIBI Co., Ltd.; NEXTECH Co., Ltd. ; DIMENSION-ALL Inc. (total: 12)
Stock listing	June 2005: JASDAQ Securities Exchange Note: The Company was delisted from the JASDAQ market in January 2008. December 2007: Tokyo Stock Exchange Second Section December 2014: Assigned on Tokyo Stock Exchange First Section



History

- 1969 Jun. Founded as Shin Kansai Co., Ltd., currently SRG TAKAMIYA CO., LTD., in Osaka City.
- 1990 Mar. Established Iwata Ltd. (currently IWATA Co., Ltd., a consolidated subsidiary) in Wakayama Prefecture.
- 1994 Jul. Established Rental Nagakita Ltd. (currently SHINKEN NAGAKITA Co., Ltd., a consolidated subsidiary) in Niigata Prefecture.
- 1994 Aug. Established Tatsumi Ltd., (currently TATSUMI Co., Ltd., a consolidated subsidiary) in Ibaraki Prefecture.
- 1998 Apr. Established Techno Kobo Ltd. (currently Cadian Co., Ltd., a consolidated subsidiary) in Osaka City.
- 2004 Oct. Established HIRAMATSU Co., Ltd. (currently a consolidated subsidiary) in Shizuoka Prefecture.
- 2005 Feb. Succeeded business from Shin Nichimen Kizai Co., Ltd., and established SN Builtech Co., Ltd. (currently a consolidated subsidiary) in Tokyo Metropolis.
- 2005 Jun. Listed its stock on JASDAQ Securities Exchange (Stock Code: 2445)
- 2007 Dec. Listed its stock on Tokyo Stock Exchange Second Section (delisted from JASDAQ in Jan., 2008).
- 2008 Oct. Established AOMORI ATOM Co., Ltd. (currently a consolidated subsidiary) in Aomori Prefecture.
- 2009 Aug. Ishijima Kizai Seisakusho Co., Ltd. (currently TOTAL TOSHISEIBI Co., Ltd. (Nagoya City)) became a consolidated subsidiary.
- 2010 Sep. Hory Corporation (Tokyo Metropolis) became a consolidated subsidiary.
- 2011 Sep. Hory Korea Co., Ltd., a subsidiary of Hory Corporation, became a consolidated subsidiary.
- 2014 Mar. ASAHI KOUGYOU Co., Ltd. (Osaka City) became a consolidated subsidiary.
- 2014 Jul. Established HORY VIETNAM Co., Ltd. (currently a consolidated subsidiary) in Dong Nai province of Vietnam.
- 2014 Dec. Assigned on Tokyo Stock Exchange First Section.
- 2015 Jul. DIMENSION-ALL Inc. became a consolidated subsidiary.
- 2017 Jan. Merged SHINKEN NAGAKITA Co., Ltd.
- 2017 Apr. Merged TATSUMI Co., Ltd.

Business Diagram



TOPICS - Hory Corporation is to be merged (merger will be in Jan., 2018)

- **Mar. 2017: Announced "Notice Regarding Merger of a Consolidated Subsidiary (short form merger)"**

Hory Corporation, that had become a fully-owned subsidiary of the Company in Sep., 2010, engaged in development/manufacture of temporary equipment and has recently taken advantages of its specialty in metalworking techniques to contribute to supplying products such as vibration-damping devices, structural materials and agricultural materials to the Group. This time, the Company decided to merge Hory for the purposes of, for example, more speedy management, highly mobilized human resources, and cost reduction by virtue of the merger effect.

The effective date of merger is scheduled on Jan. 1, 2018.

(Financial position and operating results of the fiscal year ended March 31, 2016)

Total Asset	9,682 million yen
Net Asset	3,049 million yen
Net assets per share	381,189.15 yen
Net Sales	13,678 million yen
Operating income	488 million yen
Ordinary income	434 million yen
Net Income	280 million yen
Earnings per share	35,111.43 yen

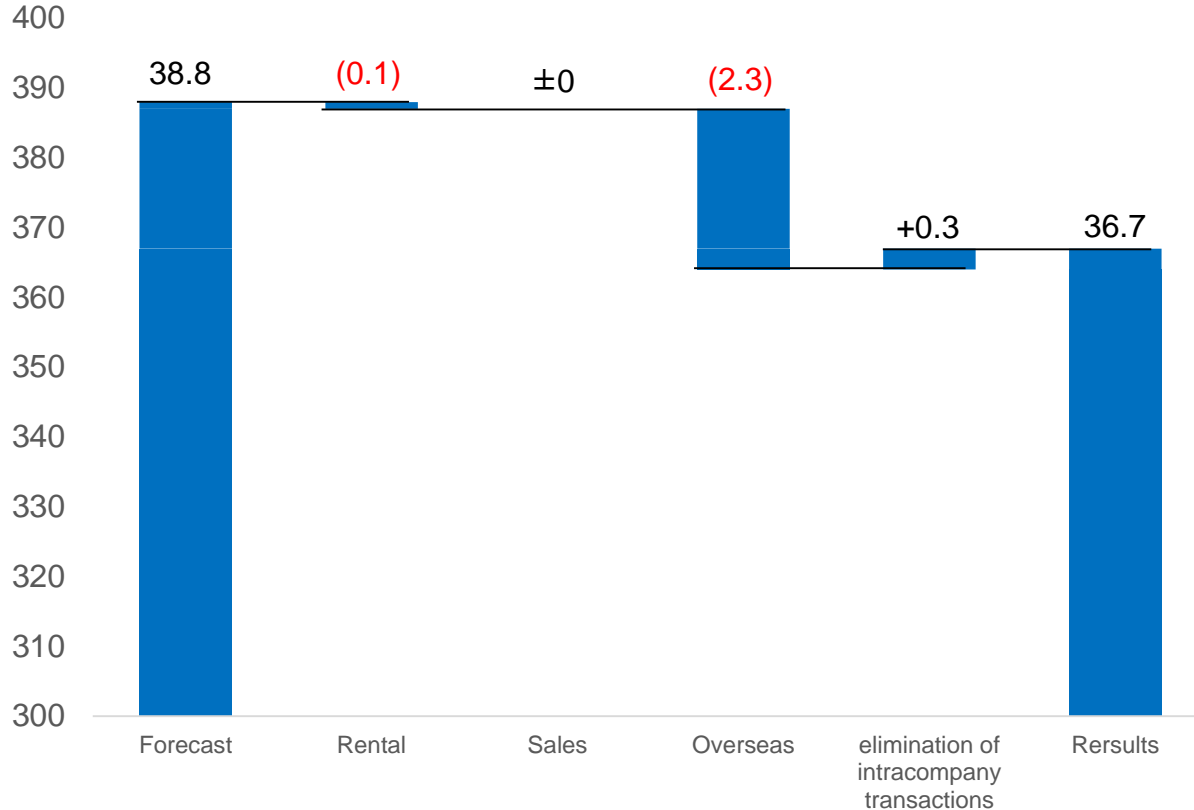
Consolidated Financial Results (Cumulative Period)

Consolidated Results (Unit : million yen)	FY Ending March 31, 2017 Forecast		FY Ending March 31, 2017 Forecast (Revised Apr. 25, 2017)		FY Ending March 31, 2017 Results		FY Ending March 31, 2016 Results		% change (YoY)
		Sales ratio		Sales ratio		Sales ratio		Sales ratio	
Net sales	38,800	100.0%	36,770	100.0%	36,763	100.0%	34,350	100.0%	+7.0%
Gross profit	—	—	—	—	10,991	29.9%	11,291	32.9%	(2.7)%
SG&A	—	—	—	—	8,561	23.3%	8,307	24.2%	+3.1%
Operating income	3,380	8.7%	2,350	6.4%	2,429	6.6%	2,983	8.7%	(18.6)%
Ordinary income	3,100	8.0%	2,330	6.3%	2,337	6.4%	2,731	8.0%	(14.4)%
Profit attributable to owners of parent	1,950	5.0%	1,500	4.1%	1,516	4.1%	2,153	6.3%	(29.6)%
Earnings per share (Diluted earnings per share)	44.60yen	—	34.76yen	—	35.14yen (34.08yen)	—	48.12yen (46.66yen)	—	—
Annual dividends per share	10.00yen	—	10.00yen	—	10.00yen	—	10.00yen	—	—
Depreciation and amortization	4,370	11.3%	—	—	4,502	12.2%	4,137	12.0%	+8.8%
EBITDA	7,750	20.0%	—	—	6,932	18.9%	7,120	20.7%	(2.6)%

Note: "EBITDA" is calculated simply as "operating income + depreciation and amortization."

Factors which caused net sales being less than as planned at the beginning of the period

(Unit : billion yen)



【Rental business】

- Actual performance was almost as planned. Although equipment utilization rate reached the highest level to date, some of the regional subsidiaries failed to fulfill their sales plans, resulting in just slightly less figure overall than as planned.

【Sales business】

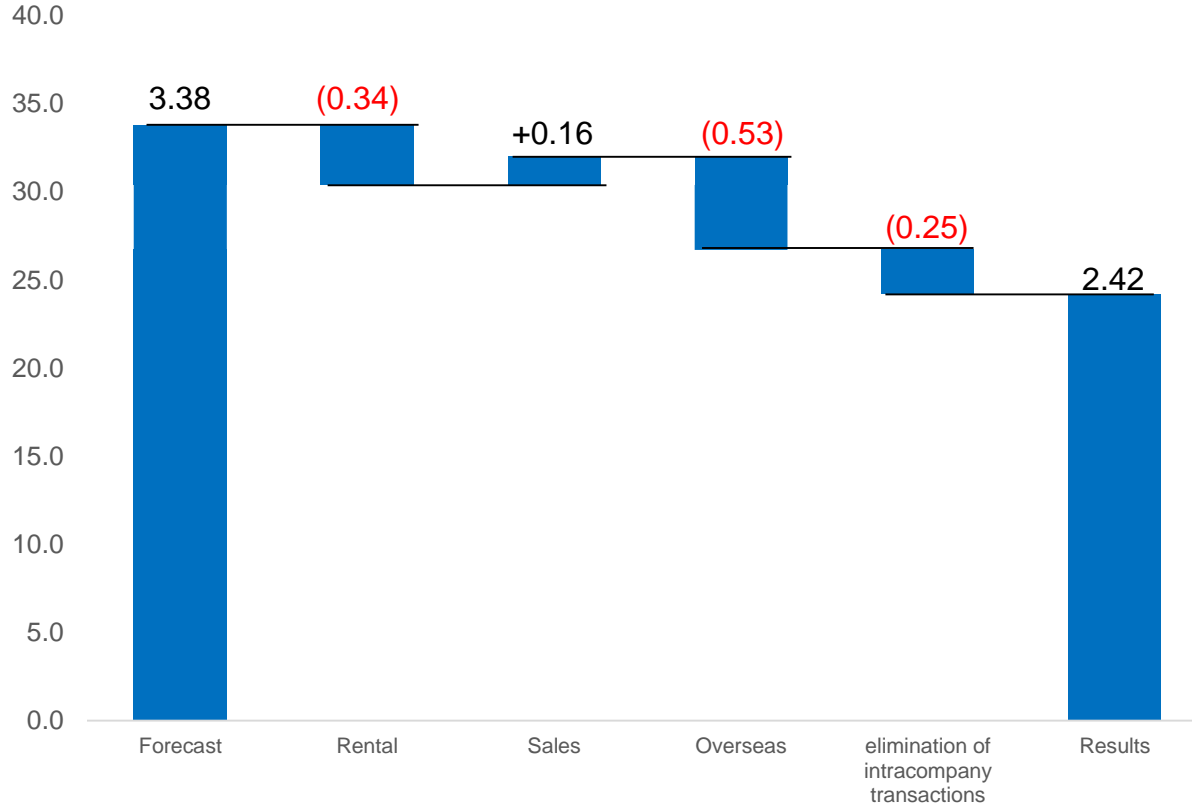
- A large scale order received in 4Q helped fulfilling the initial plan.
- In the environmental field, agriculture business was slow to start up. However, good performance in selling solar panel mounting frames filled the negative gap caused by agriculture business.

【Overseas Business】

- It resulted in substantial shortage, 2.3 billion yen less than as planned.
- The Company reconsidered its business management regime, including credit administration regime and contents of contracts with business partners. Amount of order-taking decreased in the context of debt-collection and reconsidering contents of contracts.

Factors which caused operating income being less than as planned at the beginning of the period

(Unit : billion yen)



【Rental business】

Increased burden of depreciation due to investment in new-type equipment is one factor. Low price strategy aiming at expanded use of next-generation scaffolding caused decline in profit margin. In addition, decrease in the sum of total loss charges* is another factor.

* "Total loss charge" means a charge that is receivable in case of any asset for rent no longer usable because of breakage, missing or any other reason.

【Sales business】

In addition to achieving the net sales goals, efficient operation of the manufacture department (Hory Corp.) contributed to reduction in cost rate, leading to significant improvement in profit margin. Sales of fully depreciated assets for rent were less than projected, but overall profit margin showed some improvement.

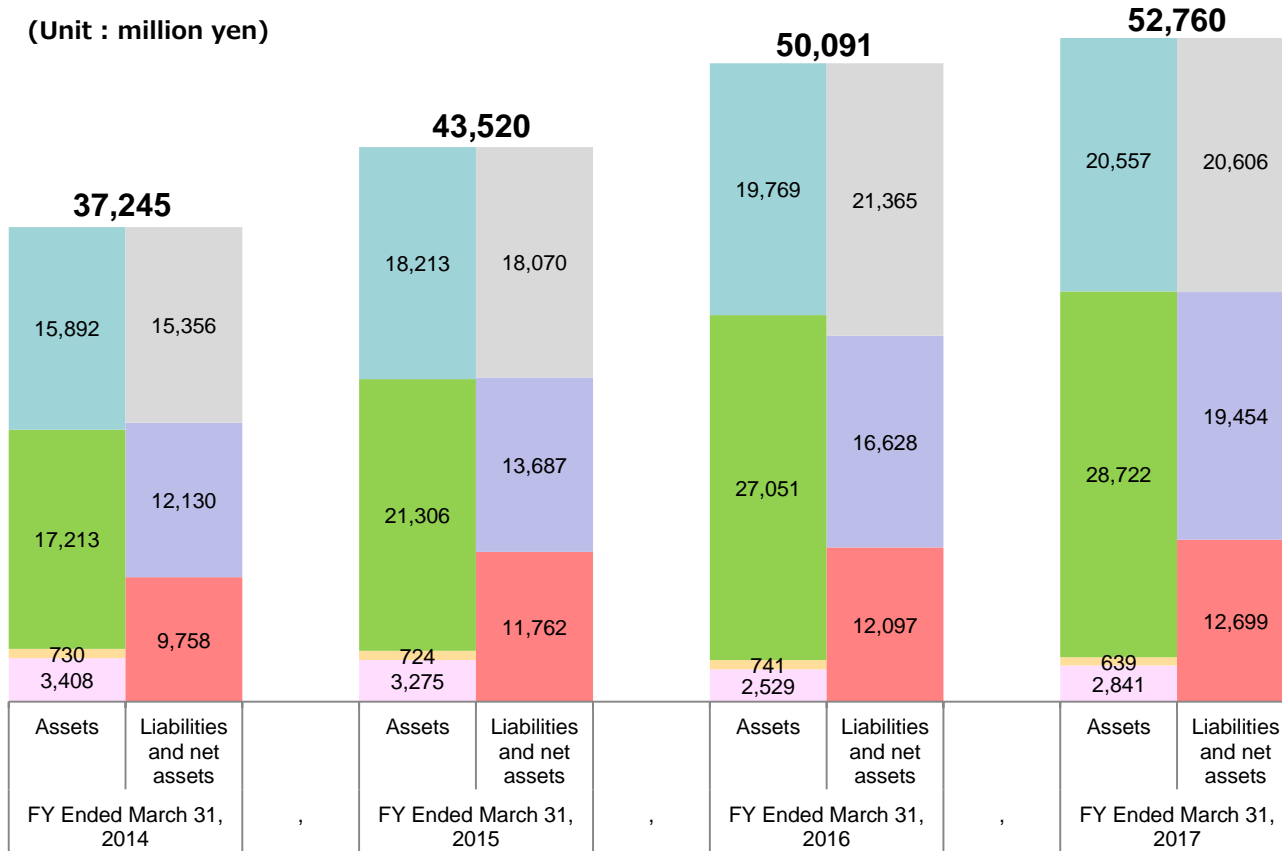
【Overseas business】

Substantial shortfall of net sales is the major factor. Burden of depreciation and some other elements increased due to capital investment for expansion of business operations.

Change in Consolidated Balance Sheet

■ Investments and other assets ■ Intangible assets ■ Property, plant and equipment ■ Current assets
■ Net assets ■ Non-current liabilities ■ Current liabilities

(Unit : million yen)



【Assets】

Current assets

Increase in Cash & Deposit : 945 million yen

Decrease in Work in process: 474 million yen

Non-current assets

Increase in assets for lease, net : 1,350 million yen

Increase in Land : 340 million yen

Decrease in construction in progress : 69 million yen

Intangible assets

Decreases in Goodwill : 45 million yen

Investments and other assets

Increase in Investment securities : 125 million yen

【Liabilities】

Increase in Short-term loans payable : 204 million yen

Decrease in Current portion of bonds Current portion of bonds : 570 million yen

Increase in Long-term loans payable: 2,099 million yen

【Net Assets】

Increase in Treasury shares : (529) million yen

Decrease in Foreign currency translation adjustment : 51 million yen

Statement of Cash Flows

The Company accounts for "expenditure on acquisition of leased assets" in operating CF.

(Unit : million yen)

	FY Ended March 31, 2016	FY Ended March 31, 2017
Income before income taxes and minority interests	3,211	2,324
Operating cash flow (subtotal)	(1,081)	1,163
Investing cash flow (subtotal)	(1,736)	(1,093)
Financial cash flow (subtotal)	2,844	879
Effect of exchange rate change on cash and cash equivalents	(17)	(4)
Net increase (decrease) in cash and cash equivalents	9	945
Cash and cash equivalents at beginning of period	4,233	4,242
Cash and cash equivalents at end of period	4,242	5,187

Increases in income before income taxes and minority interests and in depreciation exceeded increases in purchase of assets for rent and in inventories, leading to increase in operating cash flow. This has also contributed to increase in cash and cash equivalents at end of period.

【Operating cash flow】

Increase in Depreciation : 365million yen

Decrease in purchase of assets for rent : 911 million yen

Decrease in inventories : 1,624 million yen

【Investing cash flow】

Decrease in purchase of shares of subsidiaries resulting in changes in the scope of consolidation : 946 million yen

【Financial cash flow】

Decrease in net increase in short-term loans payable : 1,846 million yen

Increase in proceeds from long-term loans payable : 210 million yen

Increase in purchase of treasury shares : 172 million yen

Revised business segment

Before revision

Rental business

- SRG TAKAMIYA Rental division
- TATSUMI
- SN Builtech
- AOMORI ATOM
- Cadian
- IWATA
- TOTAL TOSHISEIBI
- NEXTECH

Sales business

- SRG TAKAMIYA Sales division
- Hory Korea
- DIMENSION-ALL
- Hory
- HORY VIETNAM



After revision

Rental business

- SRG TAKAMIYA Rental division
- TATSUMI
- SN Builtech
- AOMORI ATOM
- Cadian
- IWATA
- TOTAL TOSHISEIBI
- NEXTECH

*Absorption-type merger scheduled on Jun 2017

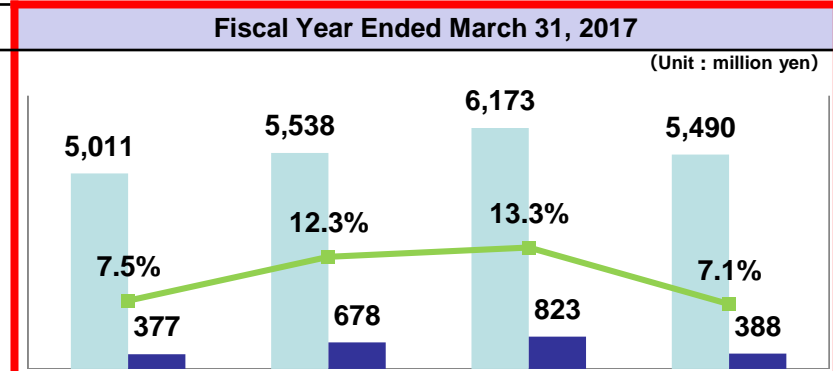
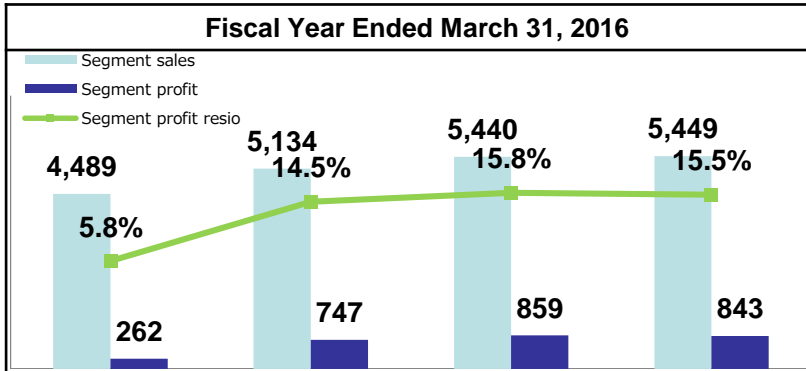
Sales business

- SRG TAKAMIYA Sales division
- Hory

Overseas business

- Hory Korea
- DIMENSION-ALL
- HORY VIETNAM

Rental Business (Per Quarter)



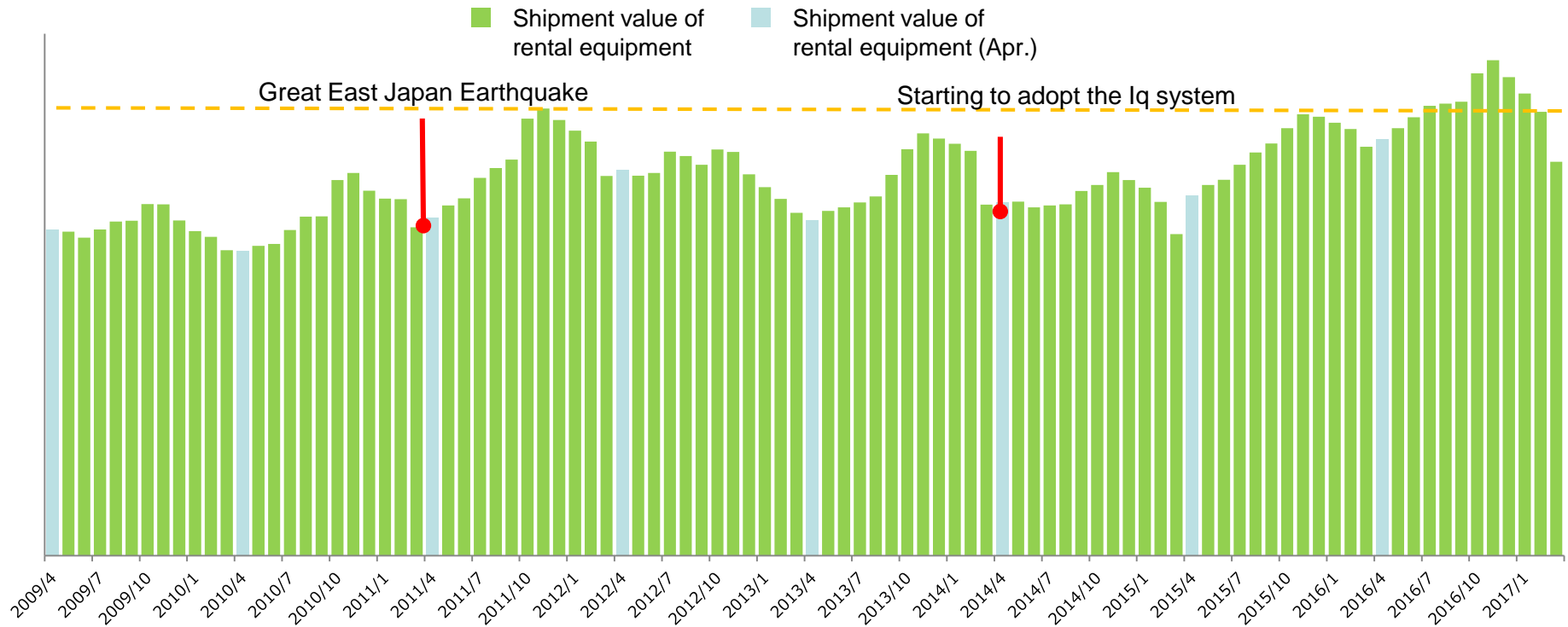
% change (YoY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Segment sales	—	—	—	—	+11.6%	+7.9%	+13.5%	+0.8%
Segment profit	—	—	—	—	+44.0%	(9.1)%	(4.2)%	(54.0)%
	1st half		2nd half		1st half		2nd half	
Net sales	9,623 (-)		10,889 (-)		10,549 (+9.6%)		11,663 (+7.1%)	
Segment profit	1,009 (-)		1,702 (-)		1,056 (+4.7%)		1,211 ((28.9)%)	
Net sales	20,513 (-)				22,213 (+8.3%)			
Segment profit	2,711 (-)				2,267 ((16.4)%)			

* Segment sales and profit include those from internal transactions.

- Shipment value equipment reached the highest level to date, and maintained high level. Major factors which caused profit decline as compared to the previous FY include increase in depreciation of assets for rent (initial cost) due to investment in next-generation scaffolding and others, decline in profit margin due to low price strategy for promoting expansion of use, and decrease in total loss charges.

Rental Business : Change in Shipment Value of Rental Equipment

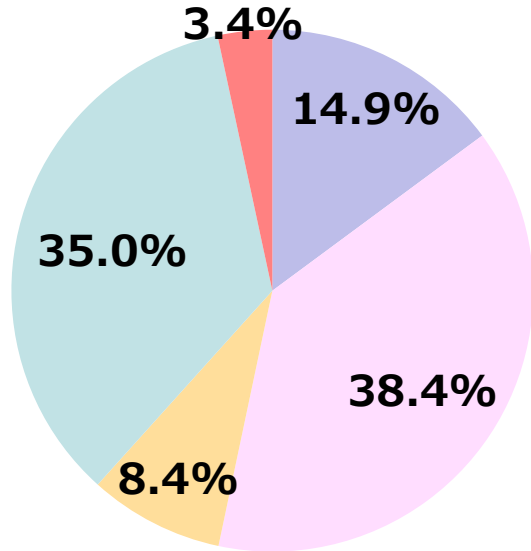
Iq System took the lead, and equipment utilization maintained high level. Shipment for civil engineering increased as compared to the previous FY.



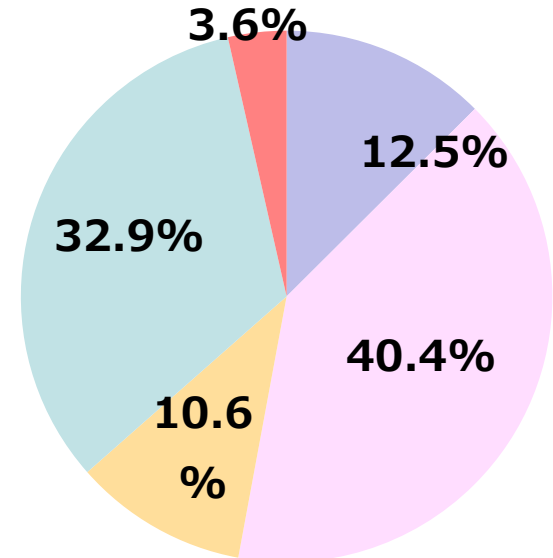
* Shipment value of rental equipment represents the volume of leased assets (converted into purchase price of new items) shipped as rental. The Company does not disclose figures of shipment value of rental equipment.

Rental Business: Ratio of Sales by Area

FY Ended March 31, 2016



FY Ended March 31, 2017



- Tohoku
- Kanto
- Chubu
- Kansai
- Kyusyu

[Example of sites with orders received]

Renovation of a power plant

Renovation of a public housing

Renovation of a high-rise condominium

Renovation of a hotel

New construction of the Hokuriku Shinkansen (bullet train)

New construction of the Shin-Meishin Expressway

Renovation of expressways and bridges

Countermeasures against sediment disasters

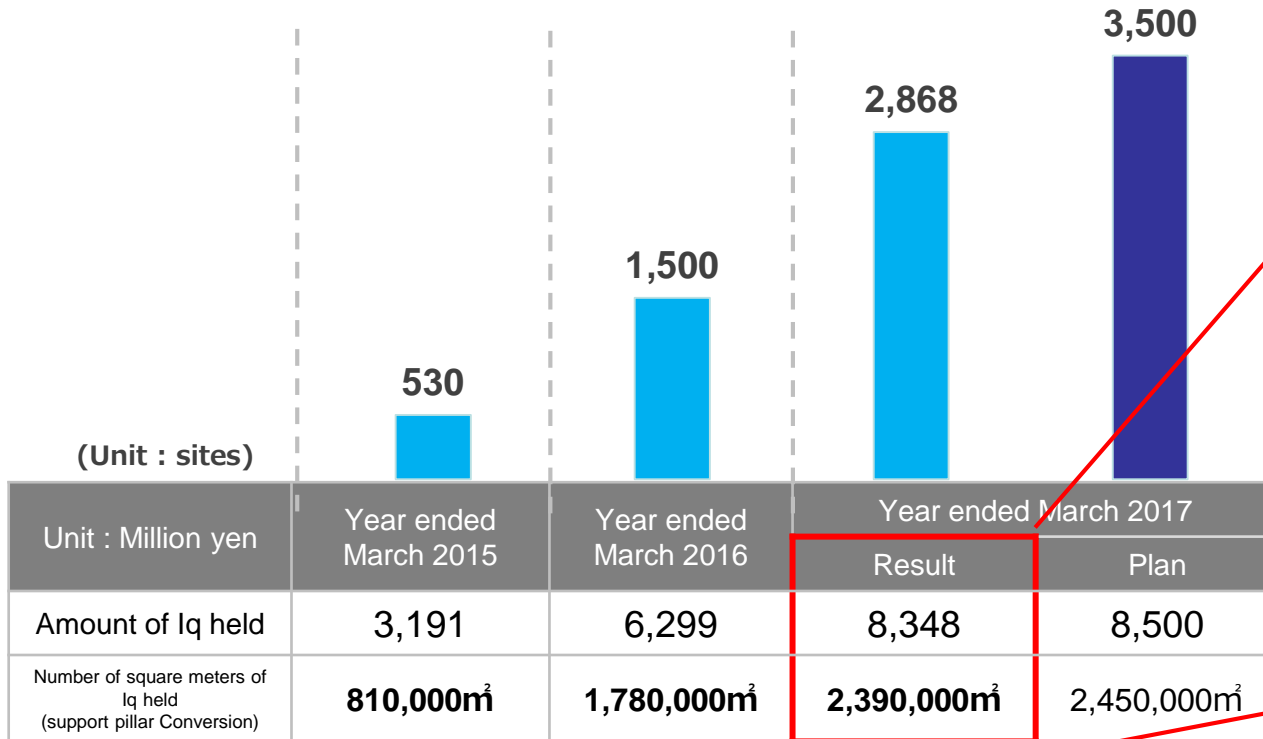
Demands in the context of the earthquake disaster in Tohoku area have passed a peak, and recently construction projects get centered in Tokyo Metropolitan area. Percentages in Chubu/Kansai areas have increased thanks to more shipment for bridge construction projects.

Rental business: Changes in number of sites with rental orders / value of holdings the Iq System

Investment in assets for rent proceeded generally as planned, whereas number of sites with rental orders could not reach the planned goal.

number of sites with rental orders

In spite of increased quantity in possession, utilization rate continued to rise.



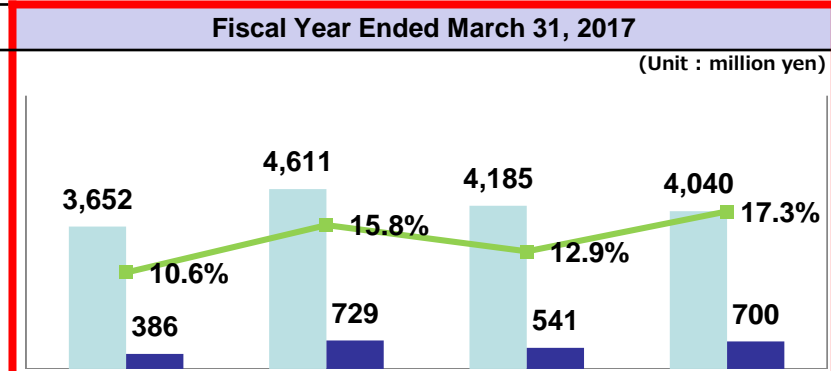
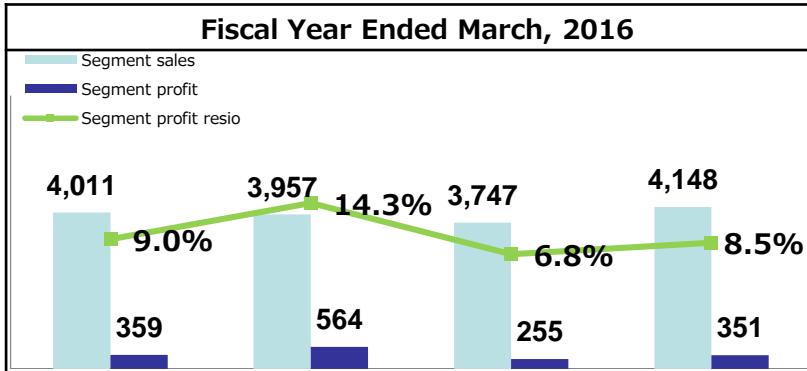
Average operation rate
In year ending March 2017
61.9%

Average operation rate
In year ending March 2016
56.8%

Average operation rate
In year ending March 2015
38.2%

(*Compared to time of initial introduction)

Sales business (Per Quarter)



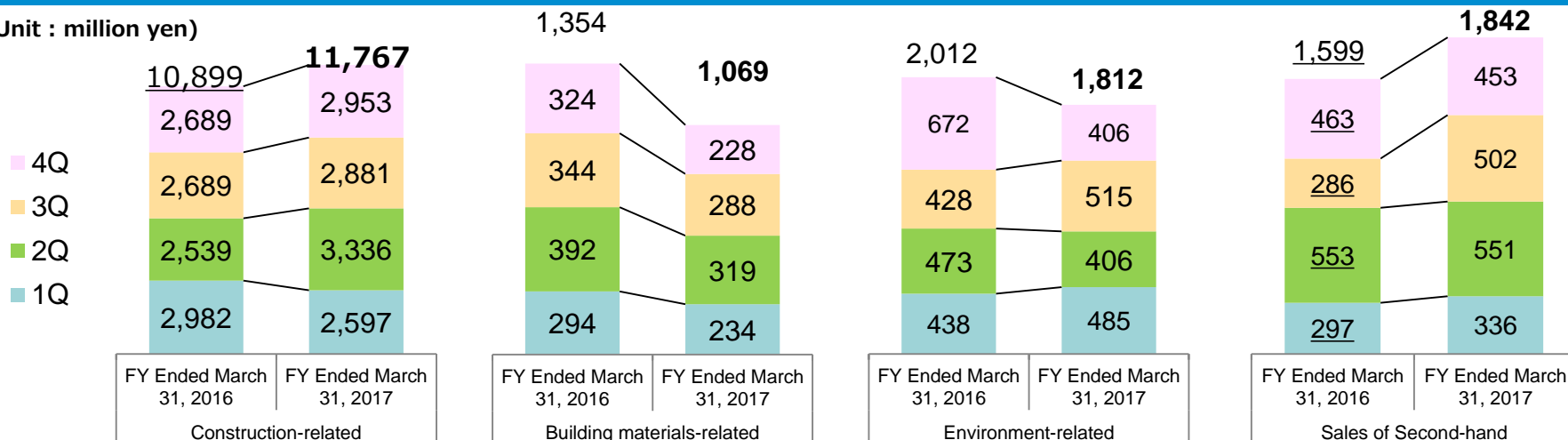
% change (YoY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Segment sales	-	-	-	-	△9.0%	+16.5%	+11.7%	(2.6)%
Segment profit	-	-	-	-	+7.5%	+29.2%	+112.2%	+98.9%
	1st Half		2nd Half		1st Half		2nd Half	
Net sales	7,969 (-)		7,895 (-)		8,263 (+3.7%)		8,225 (+4.2%)	
Segment profit	924 (-)		607 (-)		1,115 (+20.7%)		1,241 (+104.5%)	
Net sales	15,865 (-)				16,489 (+3.9%)			
Segment profit	1,531 (-)				2,357 (+53.9%)			

*Segment sales and profit include those from internal transactions.

- Efforts towards cost reduction have led to higher gross profit. In 4Q, the Company received order of a large scale project to sell the Iq System.

Sales business : Net Sales by Field

(Unit : million yen)



(Unit : million yen)		Fiscal Year Ended March, 2016			
		1Q	2Q	3Q	4Q
Construction-related	Sales (outside Group)	<u>1,567</u>	1,634	1,332	1,355
	Sales (within Group)	1,415	905	1,357	1,334
Building materials-related		294	392	344	324
Environment-related		438	473	428	672
Sales of Second-hands		<u>297</u>	553	286	463

Fiscal Year Ended March, 2017				
	1Q	2Q	3Q	4Q
	<u>1,506</u>	2,217	1,621	2,471
	1,091	1,119	1,260	482
	234	319	288	228
	485	406	515	406
	<u>336</u>	<u>551</u>	<u>502</u>	453

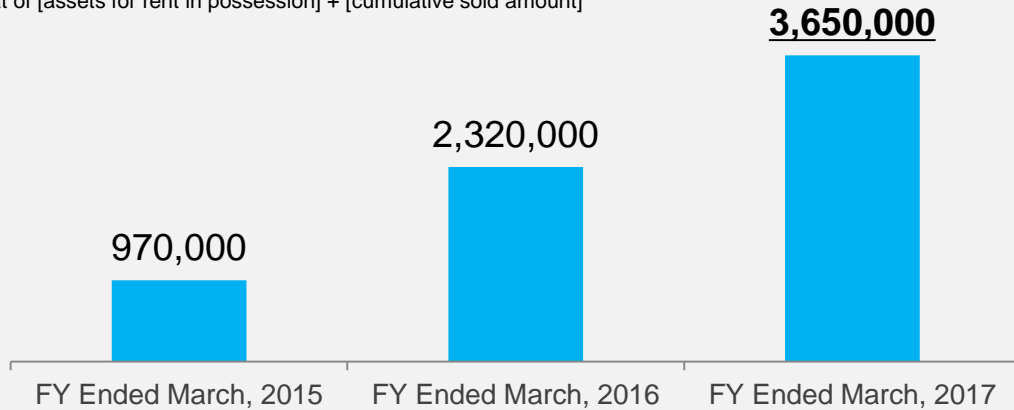
- Concerning environment-related business, sales of solar panel mounting frames showed quite good performance against the odds. On the other hand, agriculture business could not contribute so much to overall performance, in spite of increasingly receiving inquiries and orders.
- Although sales of used equipment increased as compared to the previous FY, gross profit margin declined because of decreased amount of selling fully depreciated assets.

Sales business : Recent prevalence of the Iq System

Large scale order-taking in 4Q contributed to fulfilling the full-year plan. Planar dimension of usage also significantly increased to as much as "3.65 million m²"

Recent prevalence of the Iq System (Unit : m²)

* Calculated as that of [assets for rent in possession] + [cumulative sold amount]



Iq System accounts for about 5.0%* relative to conventional frames (prefabricated scaffoldings)

* As of Mar., 2017. Estimation by the Company based on the data shown below.

Conventional frames:
73,410,000 m²

Estimated by the Company as 23,990,000 frames in possession* × 1.7 m × 1.8 m
* Source: "Dynamic Survey on Construction-related Business", 2017 March Edition, Ministry of Land, Infrastructure, Transport and Tourism

Iq System: 3,650,000 m²

(2,390,000 m² [assets for rent in possession] + 1,260,000 m² [cumulative sold amount])

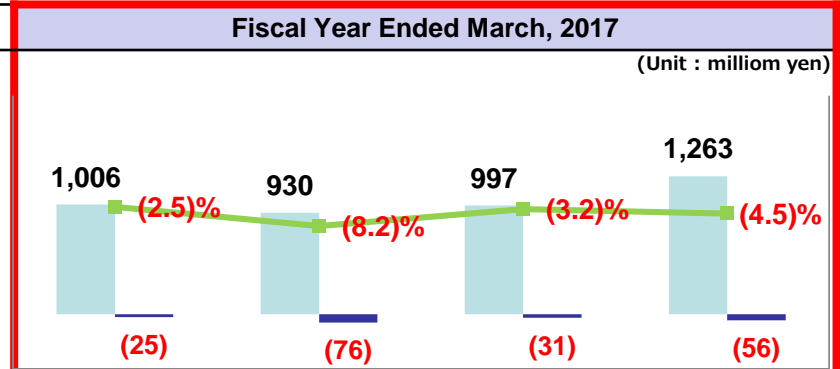
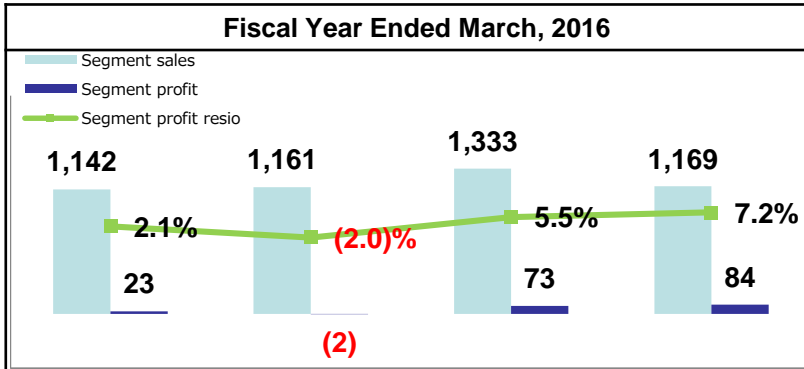
Estimated by the Company as (total length* of the support pillar of Iq System)/2 × 1.8 m

* Calculated as that of [assets for rent in possession] + [cumulative sold amount]

Trend in Iq System net sales

(Unit : million yen)	FY Ended March, 2015	FY Ended March, 2016	FY Ended March, 2017	
			Result	Plan
Sales results in each period	569	1,342	2,520	2,500
Cumulative sales amount	569	1,911	4,431	—

Overseas business (Per Quarter)



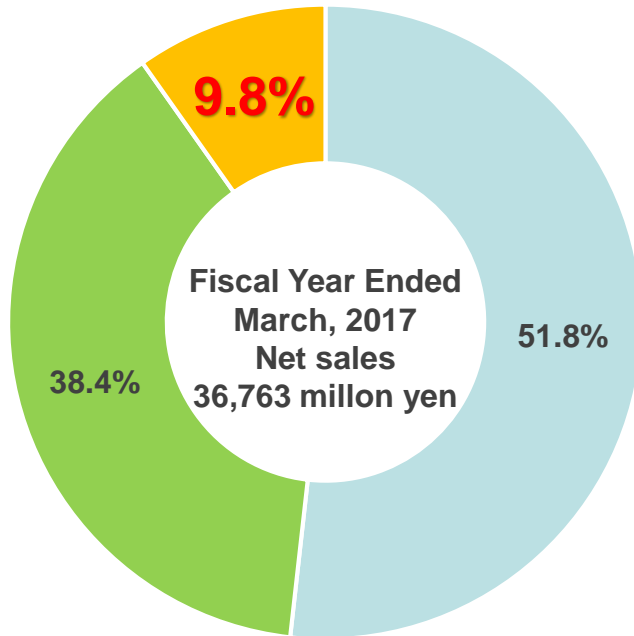
% change (YoY)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Segment sales	—	—	—	—	(11.9)%	(19.9)%	(25.1)%	+8.0%
Segment profit	—	—	—	—	—	—	—	—
	1st Half		2nd Half		1st Half		2nd Half	
Net sales	2,303 (-)		2,502 (-)		1,937 ((15.9)%)		2,260 ((9.6)%)	
Segment profit	21 (-)		158 (-)		(101) ((571.3)%)		(88) (-)	
Net sales	4,806 (-)				4,198 ((4.5)%)			
Segment profit	179 (-)				(189) (-)			

*Segment sales and profit include those from internal transactions.

Decreased order-taking of solar-related business in Korea and some other factors caused significant decrease in external sales. In addition, increased burden of capital investment for enhancing management base in Korea and also increased management cost for further strengthening the local business have led to decline in operating income.

Overseas business

Sales Ratio by Segment



- Rental Business
- Sales Business
- Overseas Business

Hory Korea Co., Ltd.

- Put its rental business management regime in place.
- Temporarily suspended order-taking of solar-related business because of reconsidering contents of contracts.
- Strengthened its management regime to carry out transformation to a profitable company.

HORY VIETNAM Co., Ltd.

- Showed steady performance in manufacturing/selling clamps for South-east Asian markets.

DIMENSION-ALL INC. (Phillipines)

- Expanded its equipment yard and strengthened its rental functionality.
- Took over from Japan, administration of assets for rent such as falsework materials.
- Depreciation burden of assets for rent and of facilities increased.
- Strengthened its management regime and put its efforts to higher profitability.

Review of "2014 Mid-term Business Plan"

Achievements/issues based on the policies and priority measures

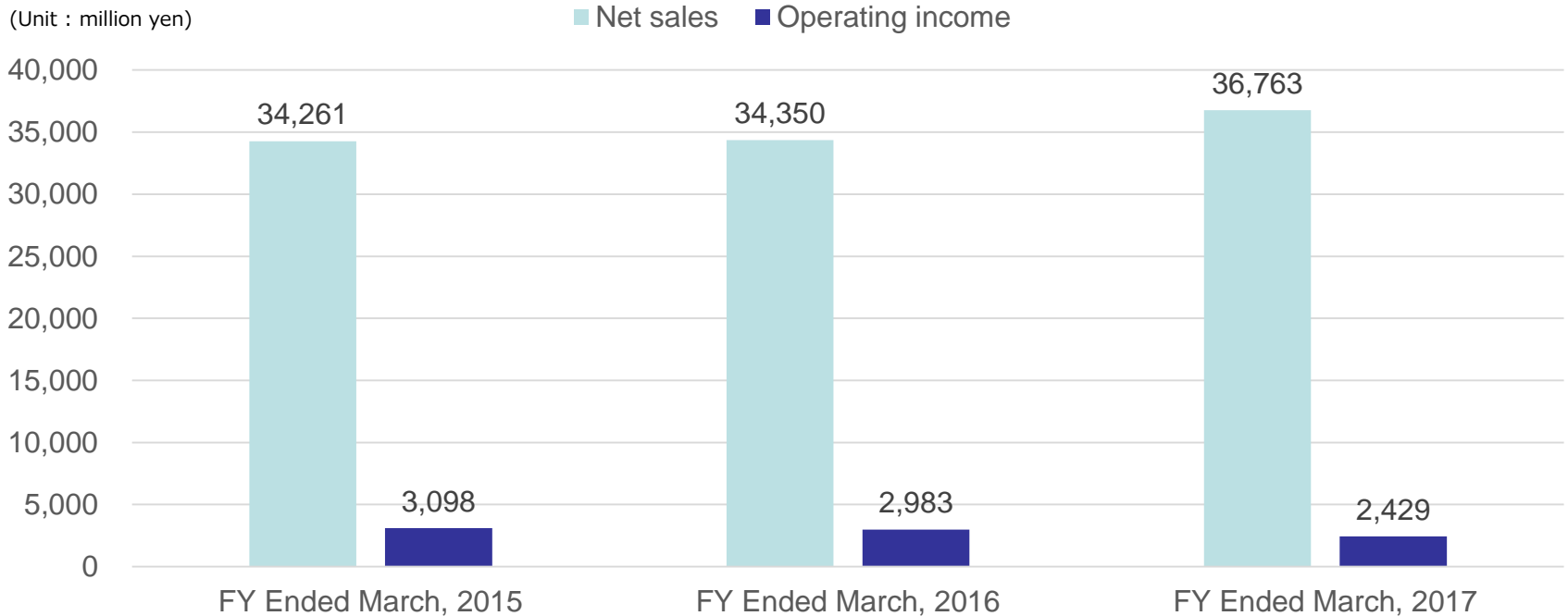
		2014 Mid-term Business Plan		Achievements/issues	
Core policies		To strengthen the Group's management base	⇒	Integration of sales division and rental promotion division. Integration of business places/bases, and merger of subsidiaries. Increase in the number of directors and executive officers.	○
		To establish highly profitable regime	⇒	Adoption of highly utilized equipment centered around the Iq System. Overseas transfer, sell-out and disposition of poorly utilized equipment. Cost reduction by vertical integration of the Group (still underway).	△
		To create new growing businesses	⇒	Development of agricultural materials and structural equipment (materials), that still needs more time to grow as a profitable business but has steadily progressed so far. M&A of an overseas company engaging in renting forms, strengthening management regime, and prior investment for business expansion caused pressure on profitability.	△
Investment policies		To replace assets for rent, and to increase highly utilized equipment	⇒	Replacing conventional frames with the Iq System is almost complete. High utilization rate should be maintained by adopting equipment for renovation work and general-purpose equipment.	○
		Reinforcement and offshoring of production facilities.	⇒	In order to pursuit further efficiency beyond increased production, domestic factories were reorganized and manufacture of general-purpose equipment has been transferred to overseas. (still underway)	△
		Augmentation and expansion of the Group's functionality (M&A, alliance)	⇒	Acquired an overseas business company, DIMENSION-ALL INC. (Philippines), for purposes including getting overseas sales outlet. Established alliances to obtain know-how for entry into new business fields. (still underway)	△

Achievements/issues based on the policies and priority measures

	2014 Mid-term Business Plan		Achievements/issues	
Financial policies	Proactive reinvestment of profit	⇒	Departed from a conventional business model that aims at making profit from depreciated assets. Reinvestment in highly utilized and efficient equipment has resulted in shorter payout period. Capital investment was proactively carried out as well.	○
	To set equity ratio at 25%	⇒	The Company raised long-term funding in the context of low interest rate, but has failed to realize its planned profit and thus to increase its net assets. Eventually, equity ratio was 23.4%.	×
	To maintain double-digit ROE	⇒	Above-mentioned situations had consequently some leverage effect that kept the ROE at 12.6%, in spite of substantial shortfall of the profit goals as initially planned.	○
Shareholder return policy	To return dividends to shareholders in accordance with the revenue, while maintaining current dividend level	⇒	Stable dividend continued. There was no dividend increase because of failure to fulfill the planned profit. At the same time, the Company purchased its treasury stock during the fiscal year ended March 2017, resulting in the total shareholder return of as high as 63.2%.	○

Achievements of the 2014 Mid-term Business Plan

The performance plan (profit plan) that had been initially announced was revised downward, but nevertheless not fulfilled. However, various measures should be carried out and taken over to the next mid-term business plan.



Reasons for unfulfilled goals and issues; points of measures

	Reasons for unfulfilled goals and issues		Measures
Rental Business	<ul style="list-style-type: none"> Sales profit goals of subsidiaries were not fulfilled. Increase in depreciation due to investment and offering next-generation scaffolding at unnecessarily affordable prices resulted in decline in profit margin. Mixed presence of new/old equipments caused increase in management cost. 	⇒	<ul style="list-style-type: none"> Reorganization of subsidiaries. Burden of depreciation has passed a peak due to completion of renewal investment. So the Company aims at optimizing the price of next-generation scaffolding against the backdrop of expanded use and increased demand. Sell-out/disposition of conventional equipment should reduce management cost.
Sales Business	<ul style="list-style-type: none"> Profit margin from selling used equipment was miscalculated. Performance plans for next-generation scaffolding and sales business were not fulfilled (actually fulfilled only in the final FY). 	⇒	<ul style="list-style-type: none"> Profit margin from selling used equipment should be reconsidered. Sales of next-generation scaffolding should be reinforced. New fields (structural equipment and agricultural materials) should be enhanced. Other new products should be developed and released.
Overseas Business	<ul style="list-style-type: none"> Bad-debt situation occurred in the Philippines. Emphasis was put on reinforcing overseas subsidiaries' credit administration regime for their customers, and as a result, order-taking activities were restrained, leading to decline in profitability. Prior investment for expansion of business operations caused pressure on profitability. 	⇒	<ul style="list-style-type: none"> Such bad-debt has already been dealt with. Management regime has been properly put in place and sales activities resumed to receive increasing number of orders. Investment recovery has proceeded smoothly, and regaining profitability is expected.

Policies of the New Mid-term Business Plan (FY03/2018 ~ FY03/2020)

Basic policies (same as the former plan)	To strengthen the Group's management base
	To establish highly profitable regime
	To strengthen development power, and to create highly value-added products and new growing businesses
Investment policies	To reinforce research, development and investment in fostering human resources
	To reorganize domestic/overseas factories for cost reduction
	To substantially suppress investment in domestic assets for rent
	To proactively carry out investment in equipment for overseas business
Financial policies	To improve return on investment
	To squeeze interest-bearing liabilities
	To diversify fund-raising instruments including overseas subsidiaries
Shareholder return policy	To return dividends to shareholders in accordance with the revenue, while maintaining stable dividend level

New products: Building materials (vibration-damping members)

for steel-framed buildings and warehouses

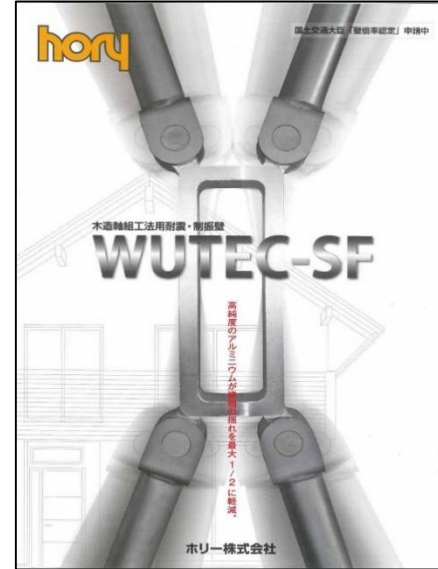
Octo-brace



This product is considered as a vibration-damping structural member which can be effectively used for superhigh-rise buildings, as well as logistics warehouses having large floor space and medium/low-rise buildings. The Company aims at selling this product in the amount of 3 billion yen by FY03/2020.

for wooden houses

WUTEC-SF



In connection with housing starts, this product was poorly performing in FY03/2017, but there are increasing number of inquiries about this product from major housing companies and regional builders against the backdrop of earthquake disasters occurring in various locations.

Situations of new business fields/domains

Agriculture business

In FY03/2017, actual results were significantly lower than the initial plan. However, organizational/personnel regime was reconsidered during the transition period (FY03/2018), and order-taking activities are currently very active. Consequently, actual order-taking of plastic greenhouses durable against snow cover and strong wind, which can be procured at low cost (low cost and highly weather-resistant pipe houses) is steadily growing.



Overseas business

Management regime for credit administration at overseas subsidiaries, one of our concerns, has been put in place and there is already a prospect of improved profitability. The Company expects increased sales for overseas markets by developing and manufacturing commercial products according to local demands. Contribution to the consolidated performance is also anticipated, by means of re-monetization from overseas transfer of equipment poorly utilized in Japan. The Company assumes downturn in domestic demands beyond 2020, and will reinforce its regime to make profits overseas.



New Mid-term Business Plan (FY03/2018 ~ FY03/2020)

(Unit : million yen)

	FY Ended March, 2018				FY Ended March, 2019	FY Ended March, 2020
	2Q	Sales ratio	4Q	Sales ratio		
Net sales	18,280	-	38,300	-		
Operating income	900	4.9%	2,850	7.4%		
Ordinary income	770	4.2%	2,600	6.8%		
Profit attributable to owners of parent	490	2.7%	1,700	4.4%		
Earnings per share	11.48 yen		39.82 yen			

These are currently under close examination, and will be disclosed upon being determined.

Payment of Dividends

	Fiscal Year Ended March 31, 2014	Fiscal Year Ended March 31, 2015	Fiscal Year Ended March 31, 2016	Fiscal Year Ending March 31, 2017	Fiscal Year Ending March 31, 2018 (Forecast)
Dividend	¥13	¥16	¥10	¥10	¥11
1Q	-	-	-	-	-
2Q	¥5	¥7	¥3.5	¥3.5	¥4.0
3Q	-	-	-	-	-
4Q	¥8	¥9 <small>* Ordinary dividend ¥6.5 Commemorative dividend ¥2.5</small>	6.5円	¥6.5	¥7.0
Total amount of dividends	290 million yen	563 million yen	442 million yen	428 million yen	-
Dividend payout ratio	16.2%	27.1%	20.8%	28.5%	27.6%
Treasury shares	-	-	702 million yen	529 million yen	-
Total return ratio	16.2%	27.1%	53.1%	63.2%	-
ROE	18.3%	17.8%	17.9%	12.0%	-

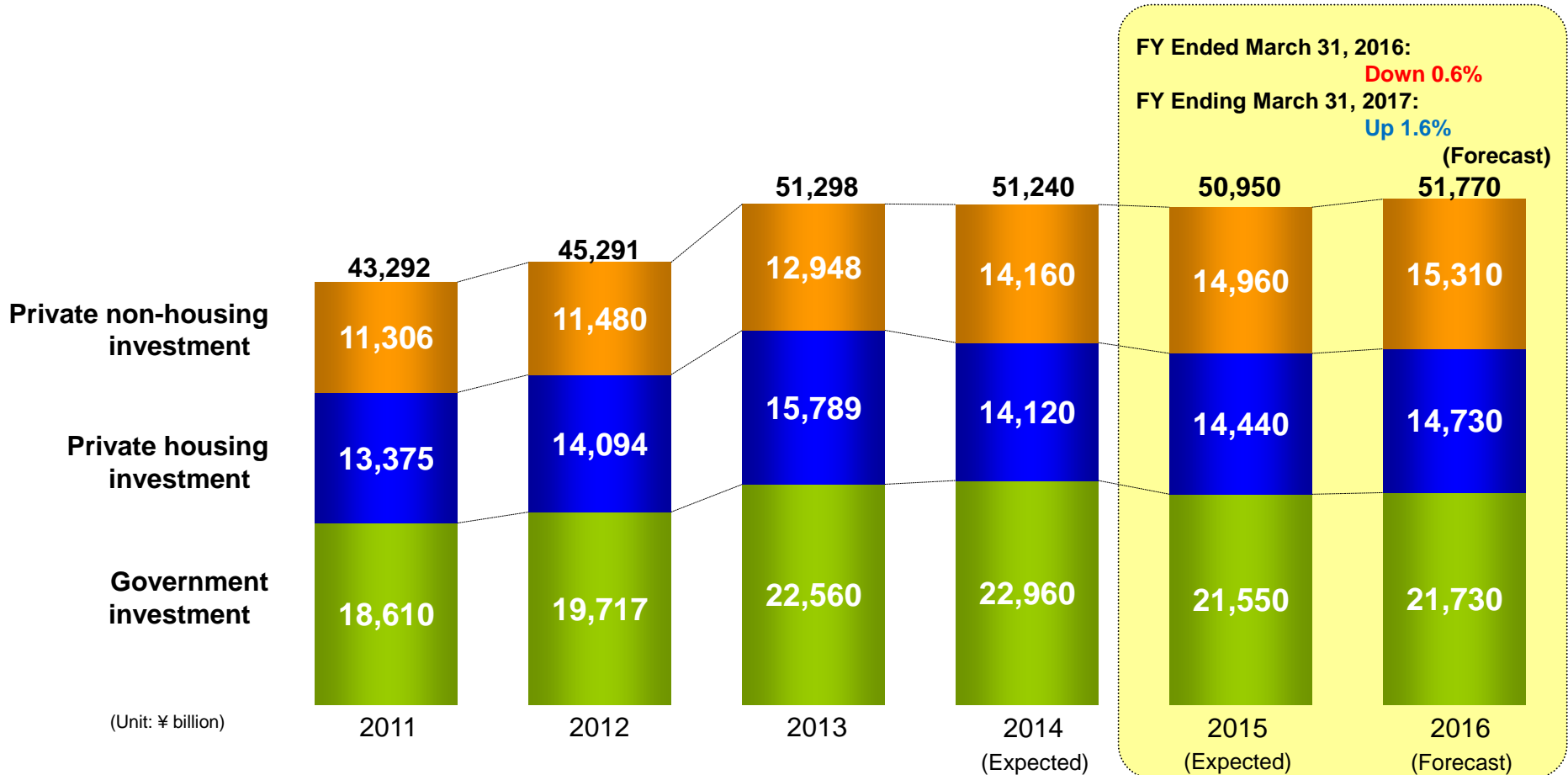
* We carried out a stock-split at a ratio of two shares for every one on April 1, 2013. We carried out a stock-split at a ratio of two shares for every one on January 1, 2015.

* We paid a commemorative dividend of 2.5 yen to commemorate the assignment of our stock on the first section of the Tokyo Stock Exchange with the year-end dividend in the fiscal year ending in March 2015.

Reference materials

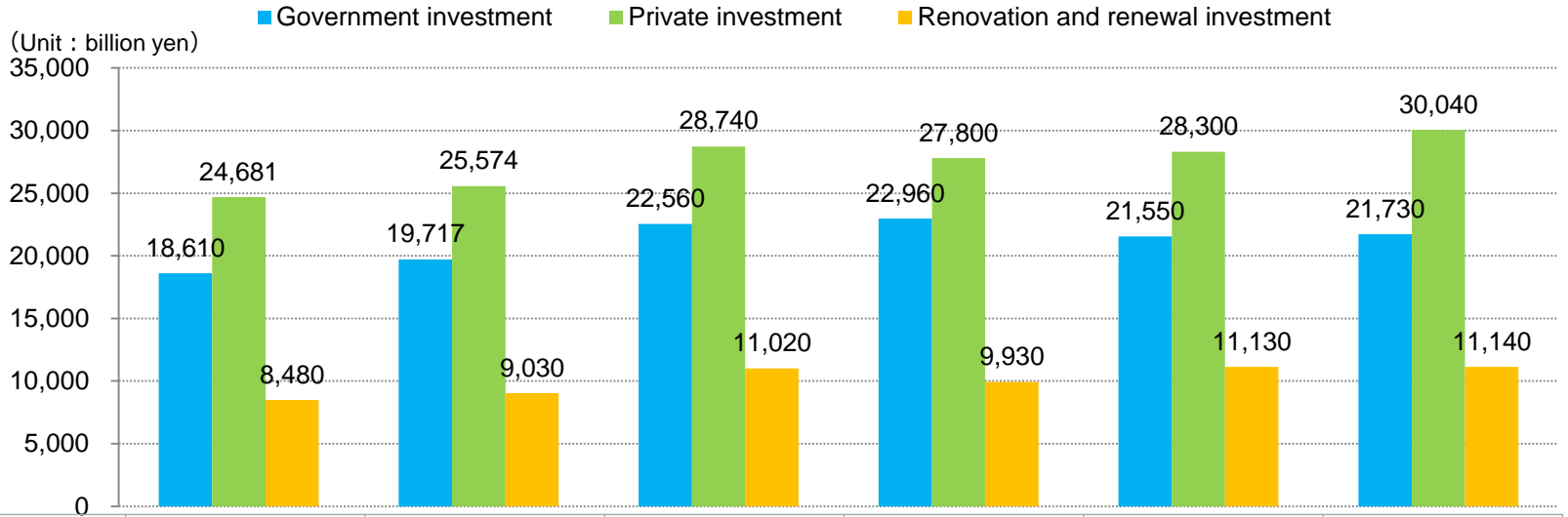
Change in Domestic Construction Investment

Source : The Ministry of Land, Infrastructure, Transport and Tourism Data release : July 2016



Change in Domestic Construction Investment

Focusing on the metropolitan area, private construction that is frequently used for scaffolding, renovation and renovation are expected to lead the way



Rates year on year	2011	2012	2013	2014 (forecast)	2015 (forecast)	2016 (forecast)
Government investment	3.5%	5.9%	14.4%	1.8%	(6.0)%	0.8%
Private investment	3.1%	3.6%	12.4%	-1.6%	4.0%	2.2%
Renovation and renewal investment	1.6%	6.5%	22.0%	-9.9%	12.1%	0.1%

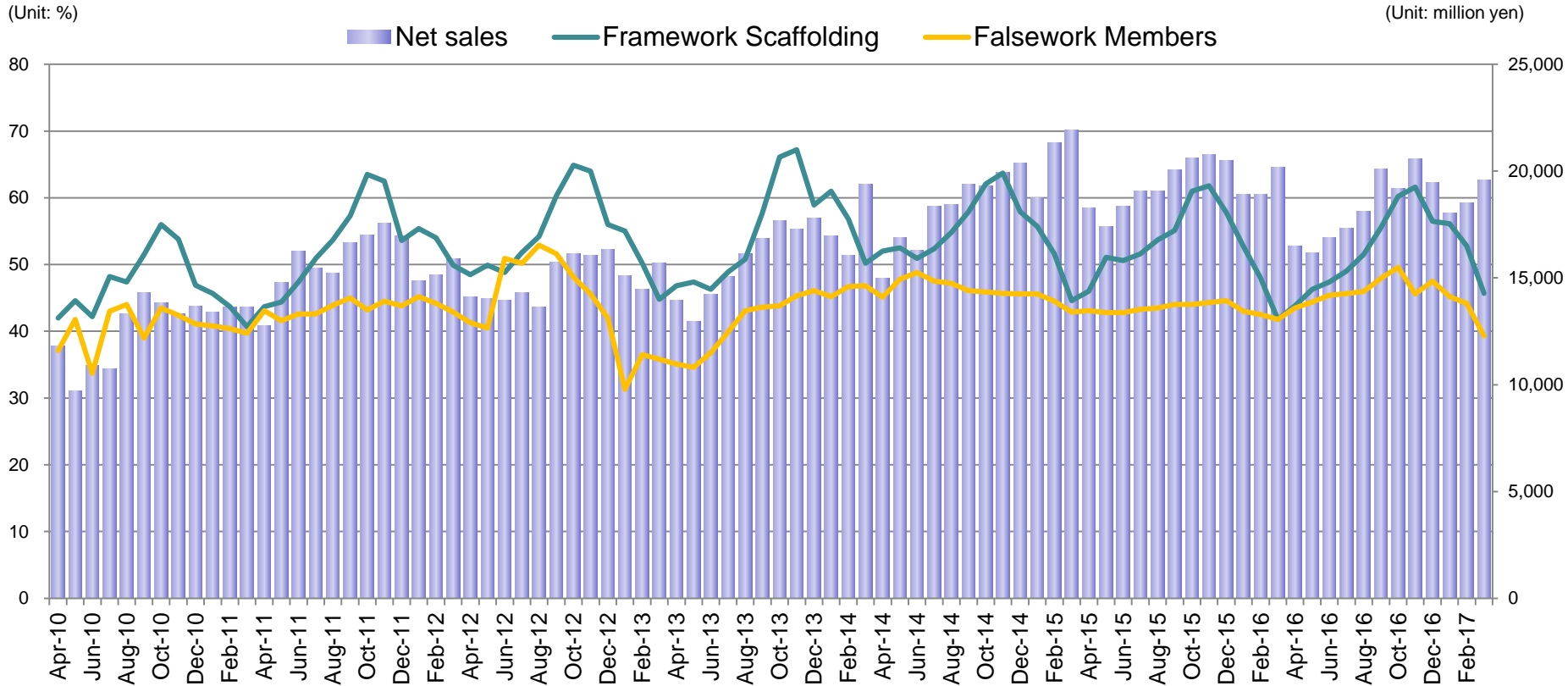
※Created based on "construction investment prospects of MLIT"

Change in Overseas Market

	(Billion dollars) (Million people)	2010	2011	2012	2013	2014	2015	2016
South Korea	Actual GDP	1,094	1,202	1,223	1,306	1,410	1,376	1,321
	Population	49	50	50	50	50	51	51
Thailand	Actual GDP	341	371	397	420	404	395	410
	Population	67	68	68	68	69	69	69
Vietnam	Actual GDP	113	135	156	171	186	191	201
	Population	87	88	89	90	91	92	93
Philippines	Actual GDP	200	224	250	272	285	292	310
	Population	93	95	97	98	100	102	104
Singapore	Actual GDP	236	275	290	302	306	293	295
	Population	5	5	5	5	5	6	6
Malaysia	Actual GDP	255	298	314	323	338	296	309
	Population	29	29	30	30	31	31	32
Myanmar	Actual GDP	50	60	60	60	61	67	74
	Population	50	50	51	51	51	52	52
Indonesia	Actual GDP	755	893	919	915	890	859	937
	Population	238	242	245	249	252	255	259

* The table above was prepared based on the IMF "World Economic Outlook Database." / Figures in highlighted cells are forecasted.

Change in utilization rate of construction materials and equipment and in net sales of 50 companies in the scaffolding and construction materials leasing business



Source: This data has been processed from the Ministry of Land, Infrastructure, Transport and Tourism's "Builder's Equipment Leasing Business Dynamics Survey Time Series."

Change in Consolidated Balance Sheet

(Unit: million yen)	FY Ended March 31, 2011	FY Ended March 31, 2012	FY Ended March 31, 2013	FY Ended March 31, 2014	FY Ended March 31, 2015	FY Ended March 31, 2016
Current assets	10,396	12,202	13,725	15,892	18,213	19,769
Non-current assets	19,198	20,269	20,262	21,353	25,307	30,321
Current liabilities	10,745	12,351	14,117	15,356	18,070	21,365
Short-term loans payable	971	417	416	1,200	3,168	4,958
Non-current liabilities	13,110	13,740	12,760	12,130	13,687	16,628
Long-term loans payable	9,862	10,036	9,637	9,376	10,913	13,304
Net assets (Equity)	5,738	6,380	7,110	9,758	11,762	12,097
Total assets	29,594	32,472	33,987	37,245	43,520	50,091
	FY Ended March 31, 2011	FY Ended March 31, 2012	FY Ended March 31, 2013	FY Ended March 31, 2014	FY Ended March 31, 2015	FY Ended March 31, 2016
Current ratio	96.8%	98.8%	97.2%	103.5%	100.8%	92.5%
Non-current assets to equity ratio	339.9%	323.2%	291.7%	224.4%	221.0%	257.7%
Equity ratio	19.1%	19.3%	20.4%	25.5%	26.3%	23.5%
D/E ratio	306.1%	283.6%	250.5%	174.5%	177.0%	210.0%

Change in Consolidated Financial Results

(Unit: million yen)	FY Ended March 31, 2011	FY Ended March 31, 2012	FY Ended March 31, 2013	FY Ended March 31, 2014	FY Ended March 31, 2015	FY Ended March 31, 2016
Net sales	17,490	23,201	28,113	32,443	34,261	34,350
Gross Profit	5,981	7,202	8,196	9,832	10,356	11,291
SG&A	5,258	6,165	6,590	6,781	7,758	8,307
Operating income (1)	722	1,037	1,605	3,051	3,098	2,983
Ordinary income	621	1,080	1,553	3,006	3,325	2,731
Net income	302	755	807	1,768	2,070	2,153
Depreciation and amortization (CF) (2)	2,745	3,088	3,280	3,369	3,649	4,137
EBITDA (① + ②)	3,468	4,126	4,886	6,421	6,747	7,120
	FY Ended March 31, 2011	FY Ended March 31, 2012	FY Ended March 31, 2013	FY Ended March 31, 2014	FY Ended March 31, 2015	FY Ended March 31, 2016
ROE (Return on equity)	5.4%	12.7%	12.2%	21.5%	19.8%	18.7%
Return on sales (3)	1.7%	3.3%	2.9%	5.5%	6.0%	6.3%
Total asset turnover (4)	0.58	0.71	0.83	0.87	0.79	0.69
ROA ((3) × (4)) (Return on assets)	1.0%	2.3%	2.4%	4.7%	4.8%	4.3%

* When calculating ROE, the average shareholders' equity at the start of the fiscal year and the end of the fiscal year is used.

Quarterly Change in Results by Segment (Cumulative Period)

(Unit: million yen)		Fiscal Year Ended March 31, 2016				Fiscal Year Ending March 31, 2017			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	4Q
Rental business	Segment sales	4,489	9,623	15,064	20,513	5,011	10,549	16,723	22,213
	(Of which) Inter-segment sales	22	56	88	109	59	188	237	315
	Segment profit	262	1,009	1,868	2,711	377	1,056	1,879	2,267
	Segment margin (%)	5.8%	10.5%	12.4%	13.2%	7.5%	10.0%	13.3%	10.2%
(YoY % change)	Segment sales	—	—	—	—	+11.6%	+9.6%	+11.0%	+8.3%
	Segment profit	—	—	—	—	+44.0%	+4.7%	+0.6%	(16.4)%
Sales business	Segment sales	4,011	7,969	11,716	15,865	3,652	8,263	12,448	16,489
	(Of which) Inter-segment sales	1,415	2,319	3,676	5,010	1,091	2,210	3,471	3,953
	Segment profit	359	924	1,179	1,531	386	1,115	1,657	2,357
	Segment margin (%)	9.0%	11.6%	10.1%	9.7%	10.6%	13.5%	13.3%	14.3%
(YoY % change)	Segment sales	—	—	—	—	(9.0)%	+3.7%	+6.3%	+3.9%
	Segment profit	—	—	—	—	+7.5%	+20.7%	+40.5%	+53.9%
Overseas business	Segment sales	1,142	2,303	3,636	4,806	1,006	1,937	2,935	4,198
	(Of which) Inter-segment sales	414	718	1,085	1,715	376	832	1,419	1,869
	Segment profit	23	21	95	179	(25)	(101)	(132)	(189)
	Segment margin (%)	2.1%	0.9%	2.6%	3.7%	(2.5)%	(5.2)%	(4.5)%	(12.6)%
(YoY % change)	Segment sales	—	—	—	—	(11.9)%	(15.9)%	(19.3)%	(12.6)%
	Segment profit	—	—	—	—	(204.5)%	(571.3)%	(239.3)%	(205.4)%
Total net sales		9,643	19,897	30,417	41,184	9,670	20,751	32,107	42,901
(Of which) Inter-segment sales		1,851	3,095	4,850	6,834	1,527	3,231	3,404	4,435

Quarterly Change in Results by Segment (Per Quarter)

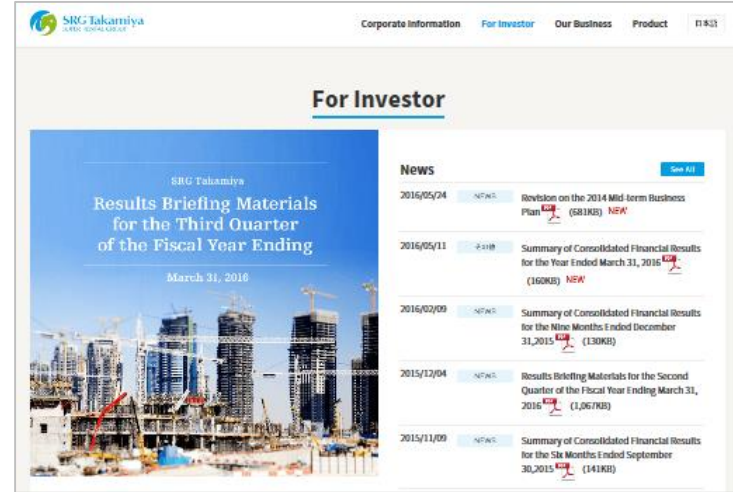
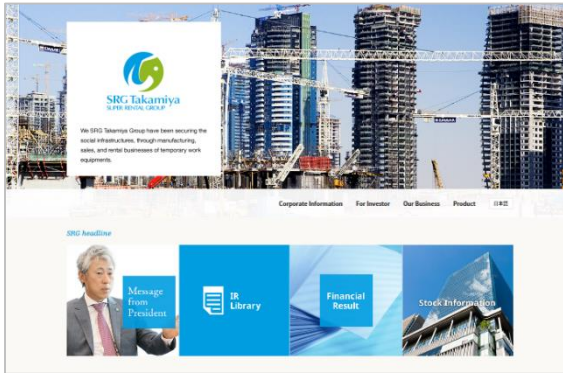
(Unit: million yen)		Fiscal Year Ended March 31, 2016				Fiscal Year Ending March 31, 2017			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	4Q
Rental business	Segment sales	4,489	5,134	5,440	5,449	5,011	5,538	6,173	5,490
	(Of which) Inter-segment sales	22	34	31	20	59	128	49	78
	Segment profit	262	747	859	843	377	678	823	388
	Segment margin (%)	5.8%	14.5%	15.8%	15.5%	7.5%	12.3%	12.9%	7.1%
(YoY % change)	Segment sales	—	—	—	—	+11.6%	+7.9%	+13.5%	+0.8%
	Segment profit	—	—	—	—	+44.0%	(9.1)%	(4.2)%	(54.0)%
Sales business	Segment sales	4,011	3,957	3,747	4,148	3,652	4,611	4,185	4,040
	(Of which) Inter-segment sales	1,415	904	1,356	1,333	1,091	1,119	1,260	481
	Segment profit	359	564	255	351	386	729	541	700
	Segment margin (%)	9.0%	14.3%	6.8%	8.5%	10.6%	15.8%	12.9%	17.3%
(YoY % change)	Segment sales	—	—	—	—	△9.0%	+16.5%	+11.7%	(2.0)%
	Segment profit	—	—	—	—	+7.5%	+29.2%	+112.2%	+98.9%
Overseas business	Segment sales	1,142	1,161	1,333	1,169	1,006	930	997	1,263
	(Of which) Inter-segment sales	414	304	367	629	376	455	586	449
	Segment profit	23	△2	73	84	(25)	(76)	(31)	(56)
	Segment margin (%)	2.1%	△2.0%	5.5%	7.2%	(2.5)%	(8.2)%	(3.2)%	(4.5)%
(YoY % change)	Segment sales	—	—	—	—	(11.9)%	(19.9)%	(25.1)%	(11.9)%
	Segment profit	—	—	—	—	(204.5)%	—	—	—
Total net sales		9,643	10,253	10,520	10,767	9,670	11,081	11,356	10,793
(Of which) Inter-segment sales		1,851	1,243	1,755	1,983	1,527	1,703	1,333	1,031

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