



Ticker : 4651

for Energy , for Environment

SANIX INCORPORATED

From FY2014 To FY2016

THE NEW MID-TERM BUSINESS PLAN

Sun Shine Plan 2016

Accelerating Shift to Energy and Environmental Development

MAY 29th,2014

	Page
1. Overview of Our Business	3
2. Recognition and Prediction of the Business Environment	
2-1 Market trend of PV in Japan	12
3. Mid-Term Business Plan	
3-1 Management Policies	21
3-2 Projection of Sales, Incomes and Investments	23
3-3 Dividends Policy	26
4. Plan Every Business Segments	
4-1 Photovoltaic Solution Business	28
4-2 Environmental Resources Development Business	32
4-3 Sanitation Business	34
5. Summary of Mid-Term Plan	35
6. Action to the Future	37

1. Overview of Our Business

1. Overview of Our Business

Overview of Business Segments

SANIX**Sun Shine Plan 2016**

as of the end of March 2014

Solar Engineering (SE) Division former as Commercial PV(Photovoltaic) Solution Division

Western Japan SE section	sale and installation of PV system (commercial, house use)
Eastern Japan SE section	wholesale of PV components
	other(operation of self mega-solar plant)

70 business sites(64 on West , 6 on East)number of employee : 1,922

Environmental Resources Development(ERD) Division

Plastic recycling section	turn waste plastic into plastic fuel
Organic waste water section	processing the organic waste water
Subsidiaries	operation of power plant and final disposal site

18 business sitesnumber of employee : 367

Home Sanitation (HS) Division

HS section	sanitation service to household
	home foundation treatment

63 business sitesnumber of employee : 433

Establishment Sanitation (ES) Division

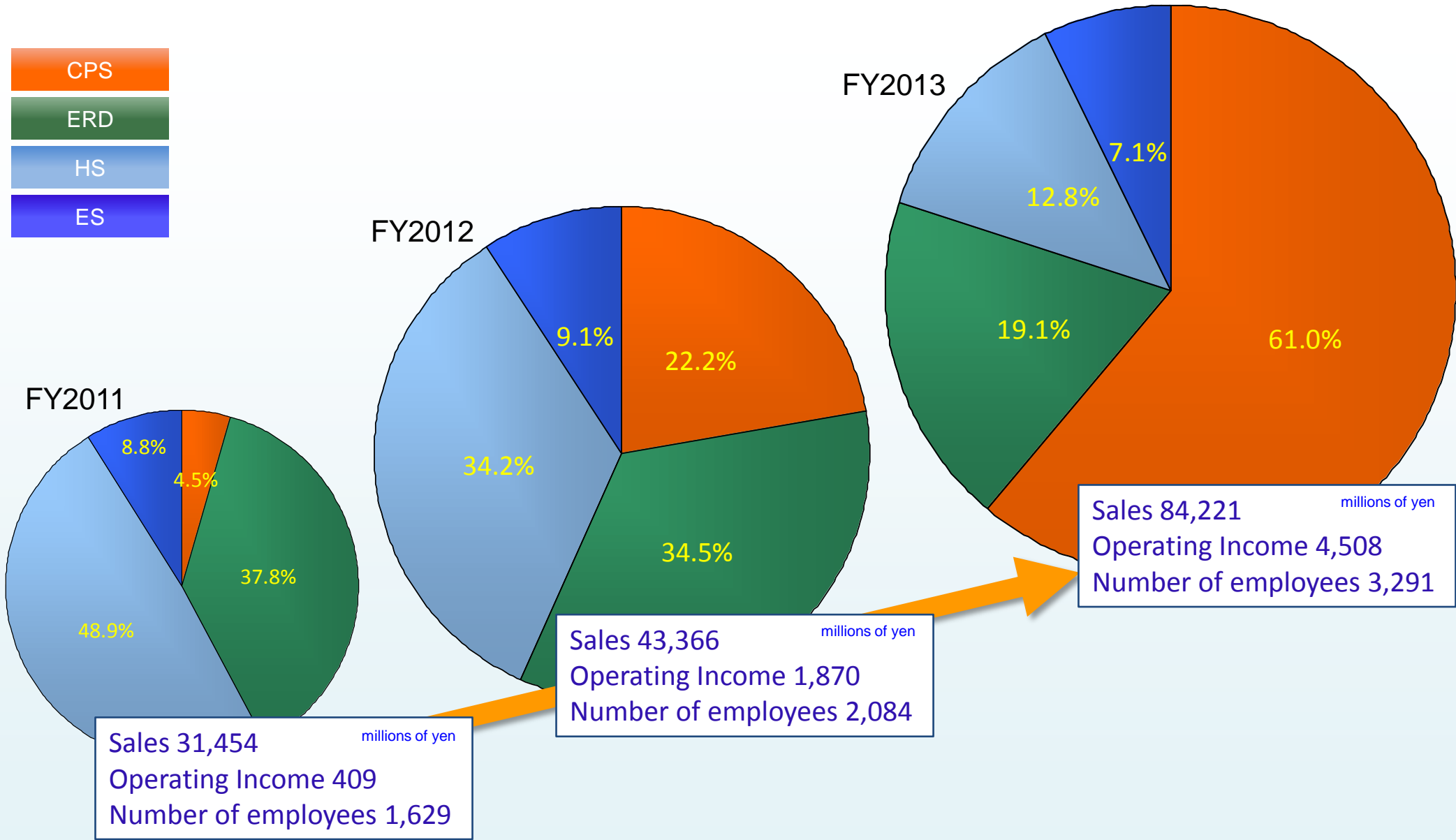
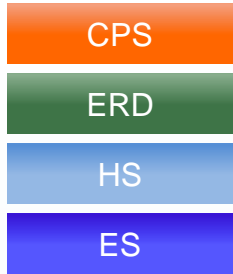
ES section	sanitation service and maintenance and management
	to buildings and condominiums

12 business sitesnumber of employee : 140

number of employees on Headquarters : 429Group Total : 3,291

1. Overview of Our Business

Expansion of Sales Volume and Change of Sales Composition *Sun Shine Plan 2016*



Sales raised to 2.7 times and operating income to 11times compared with FY2011

Indicated as the disclosed segment on FY2013

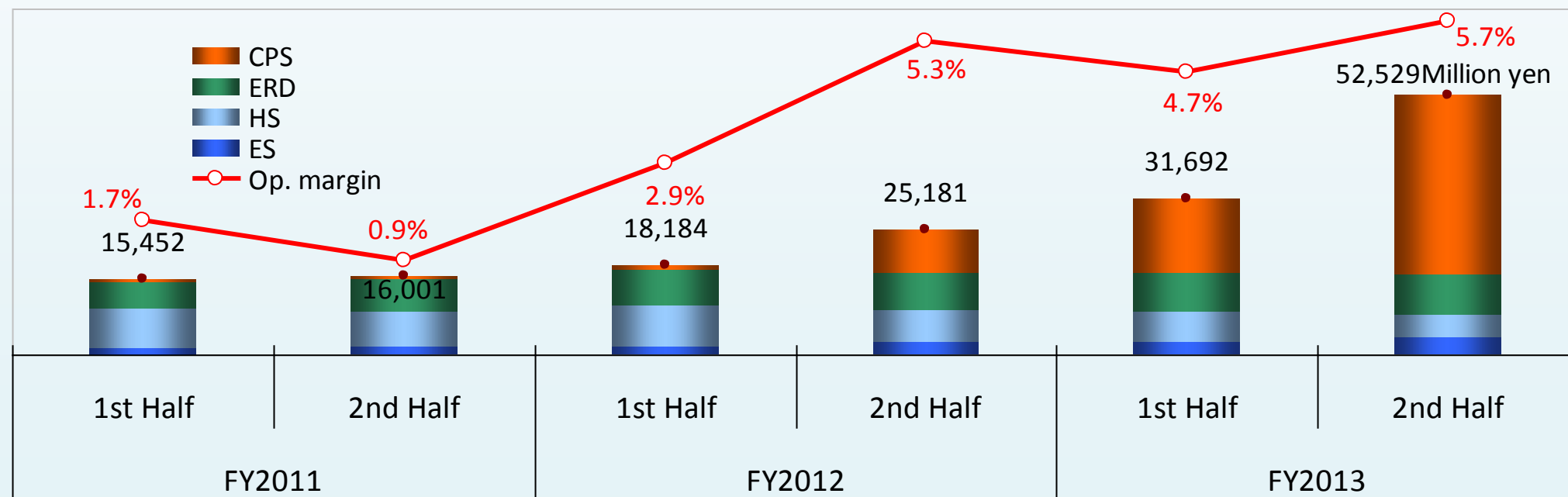
The size of circles show the sales volumes

1. Overview of Our Business

SANIX

Expansion of Sales Volume and Change of Sales Composition *Sun Shine Plan 2016*

millions of yen	FY2011		FY2012		FY2013	
	1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Net Salse	15,452	16,001	18,184	25,181	31,692	52,529
CPS	731	680	896	8,713	15,155	36,183
ERD	5,243	6,647	7,411	7,555	7,848	8,202
HS	8,137	7,258	8,423	6,399	6,088	4,730
ES	1,341	1,416	1,452	2,512	2,600	3,410
Op. Income	266	143	524	1,346	1,495	3,012
Op. margin	1.7%	0.9%	2.9%	5.3%	4.7%	5.7%

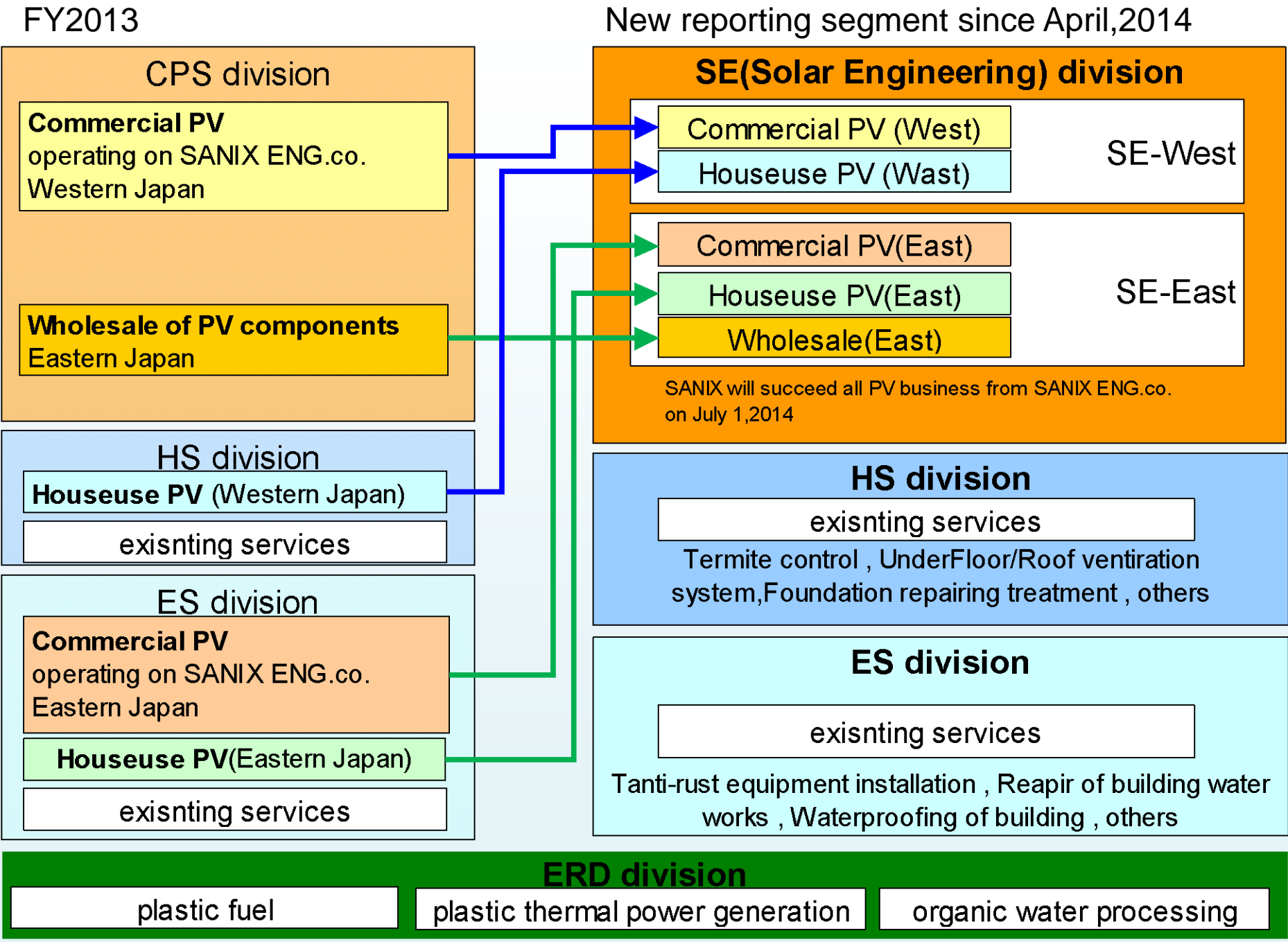


CPS expanded rapidly from 2nd Half of FY2012

Indicated as the disclosed segment on FY2013

1.Overview of Our Business

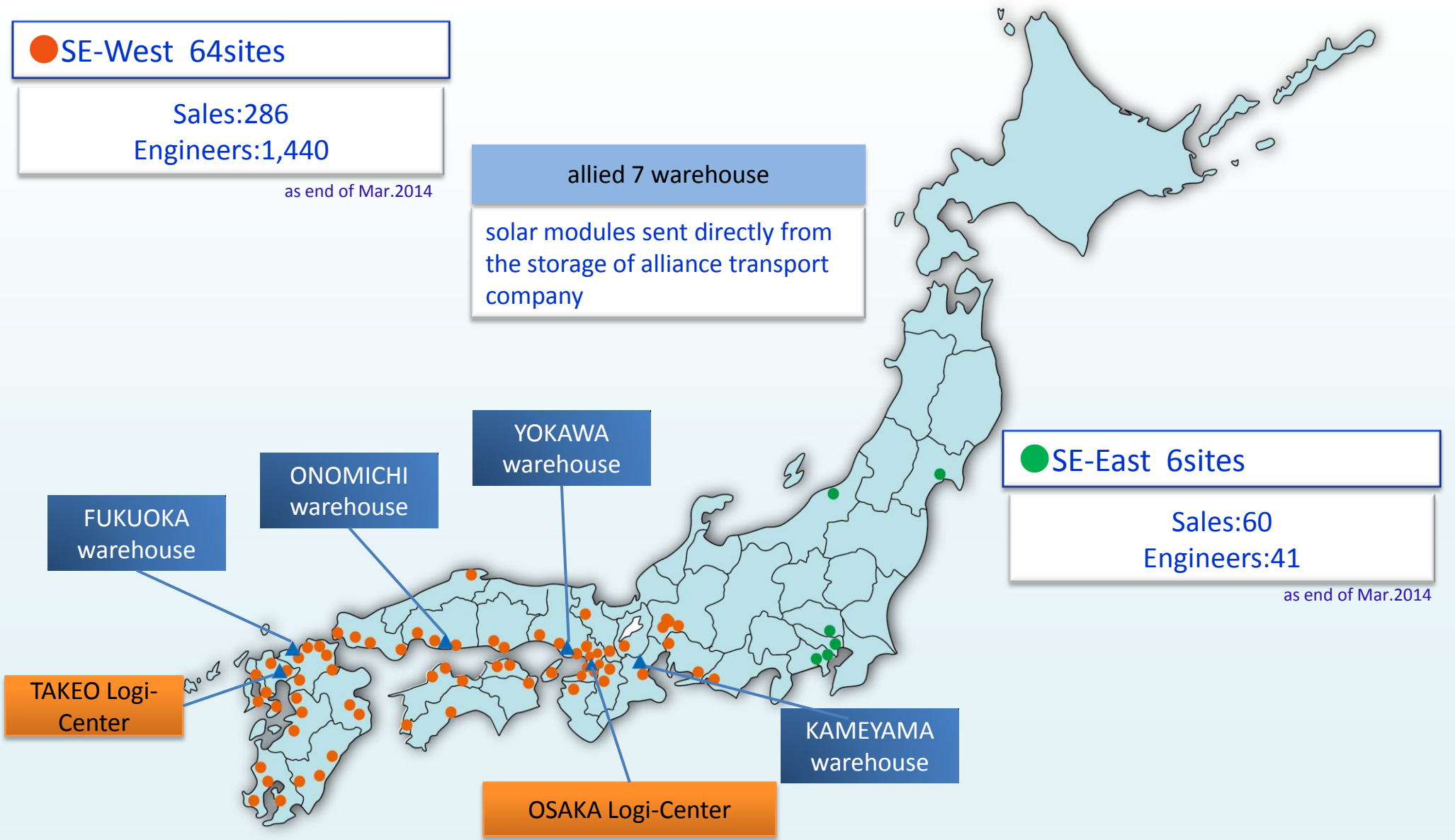
Reporting Segments and Business Fields



1.Overview of Our Business

Recent Situation of PV business

End-to-End service ,from manufacturing of PV modules, inverters, mounting system through sale, installation and maintenance



1. Overview of Our Business

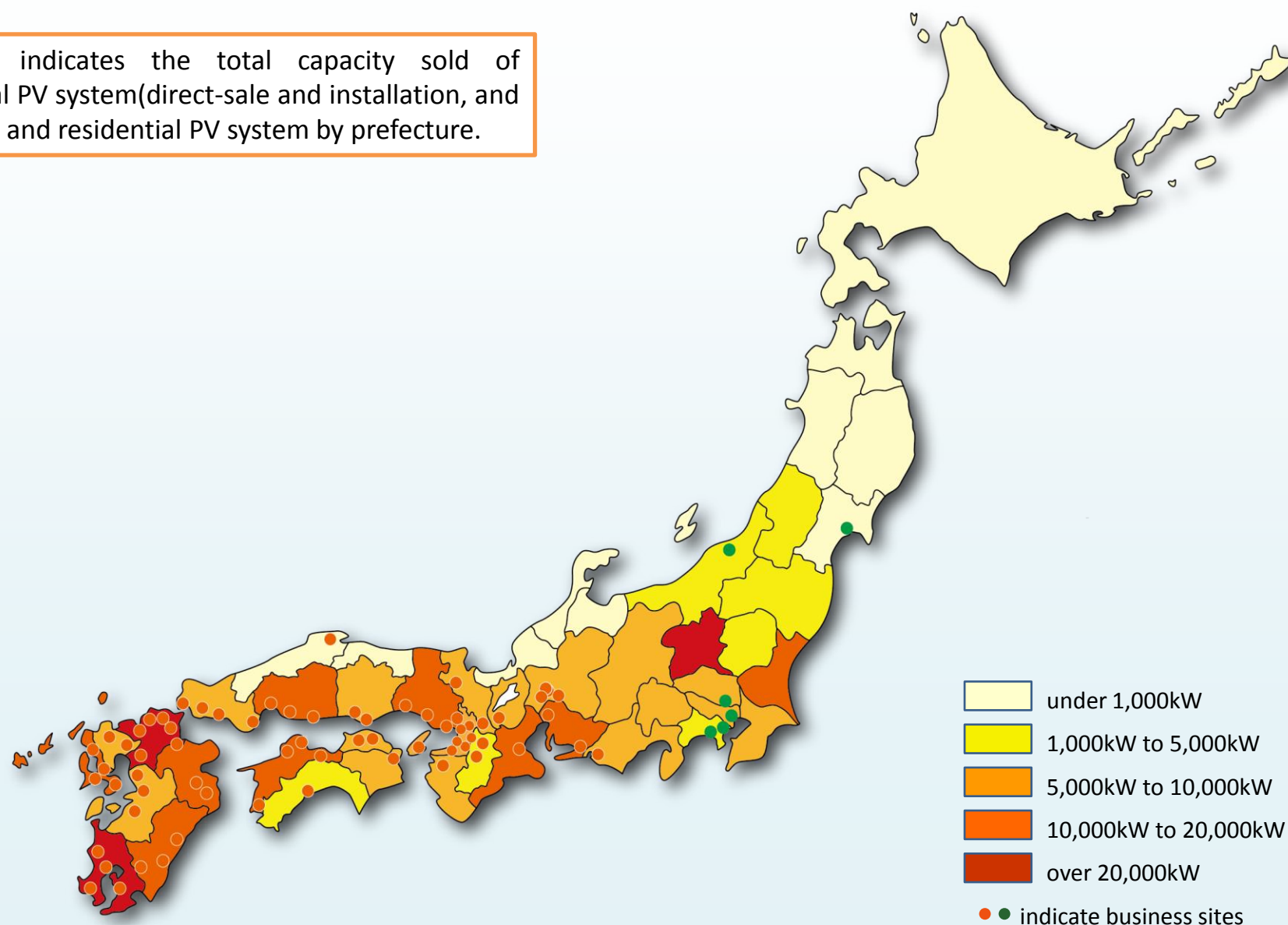
PV system sale status by prefecture

SANIX**Sun Shine Plan 2016**

Total sale and Installation volume : 358.3MW (commercial and houseuse)

as end of Mar 2014

The map indicates the total capacity sold of commercial PV system (direct-sale and installation, and wholesale) and residential PV system by prefecture.



- 1) End-to-end service, the development and manufacturing of PV modules, inverters and mounting system and procuring other components through sale installation and maintenance.
- 2) For focusing the PV system from 10kW to 1,000kW, stimulating the demands of land or space owners and creating the new market.
- 3) The consistency and focusing to small and mid size system, we capture the leading market share by price advantage.



a sample of roof mounting Commercial PV system

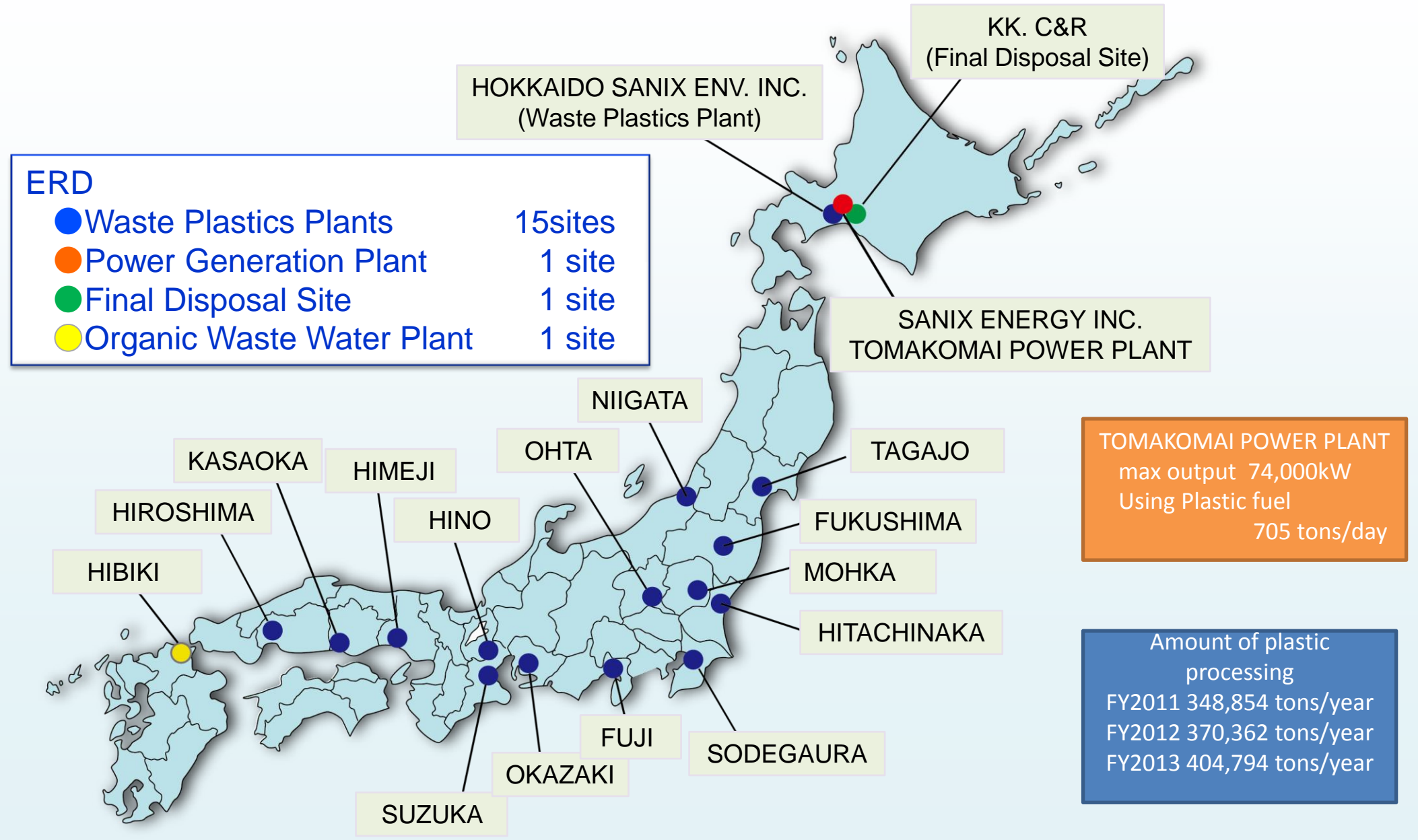


a sample of ground mounting Commercial PV system

1. Overview of Our Business

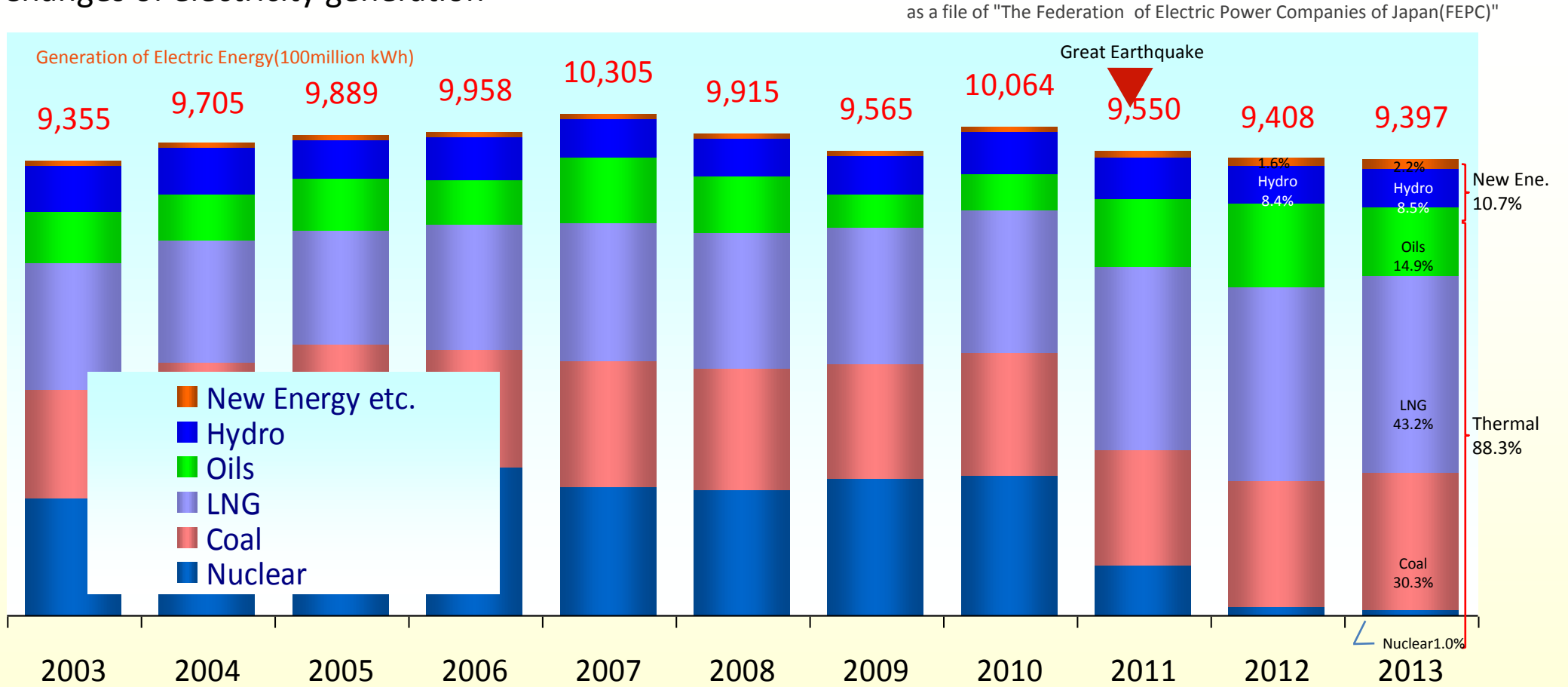
Operating Sites of ERD division

Collects plastic generated during the production processes of industrial customers, and turns the waste plastic it processes into fuel, which is then used in our power plant as fuel



2. Recognition and Prediction of the Business Environment

Changes of electricity generation



'Japan has little domestic fossil fuel which plays a center role of energy source, and has the vulnerability to depend on import from abroad. It causes Japan to have the energy structure which is easily affected from domestic/international situation of energy. It is essential for security of states to secure stable supply of energy as blood vessel, and this always remains a big issue for Japan. Besides, under the situation where international geopolitical structure faces a big change, the circumstance surrounding Japan's energy security becomes severer.'

Referred from Introduction of Strategic Energy Plan of GOJ April,2014

It is in the tight situation of electricity supply due to the shutdown of the nuclear power plants

Position of renewable energy on the new **Strategic Energy Plan** of Government of Japan

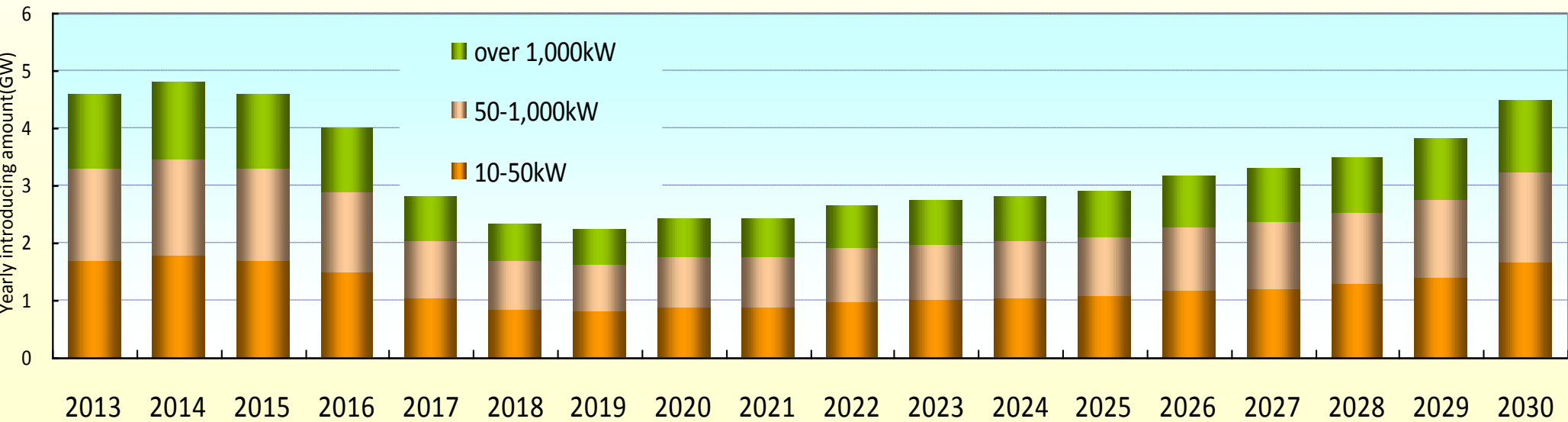
GOJ has accelerated the introduction of renewable energy as far as possible for three years since 2013 followed by continuous active promotion.

GOJ pursues the higher levels of introducing renewable energy than the levels which were indicated based on the former Strategic Energy Plans.



Indicates the ratio of renewable energy in total watt-hour in 2030:approximately 20%(214billion kWh)
as in 2012 it indicates about 10%(including Hydro)

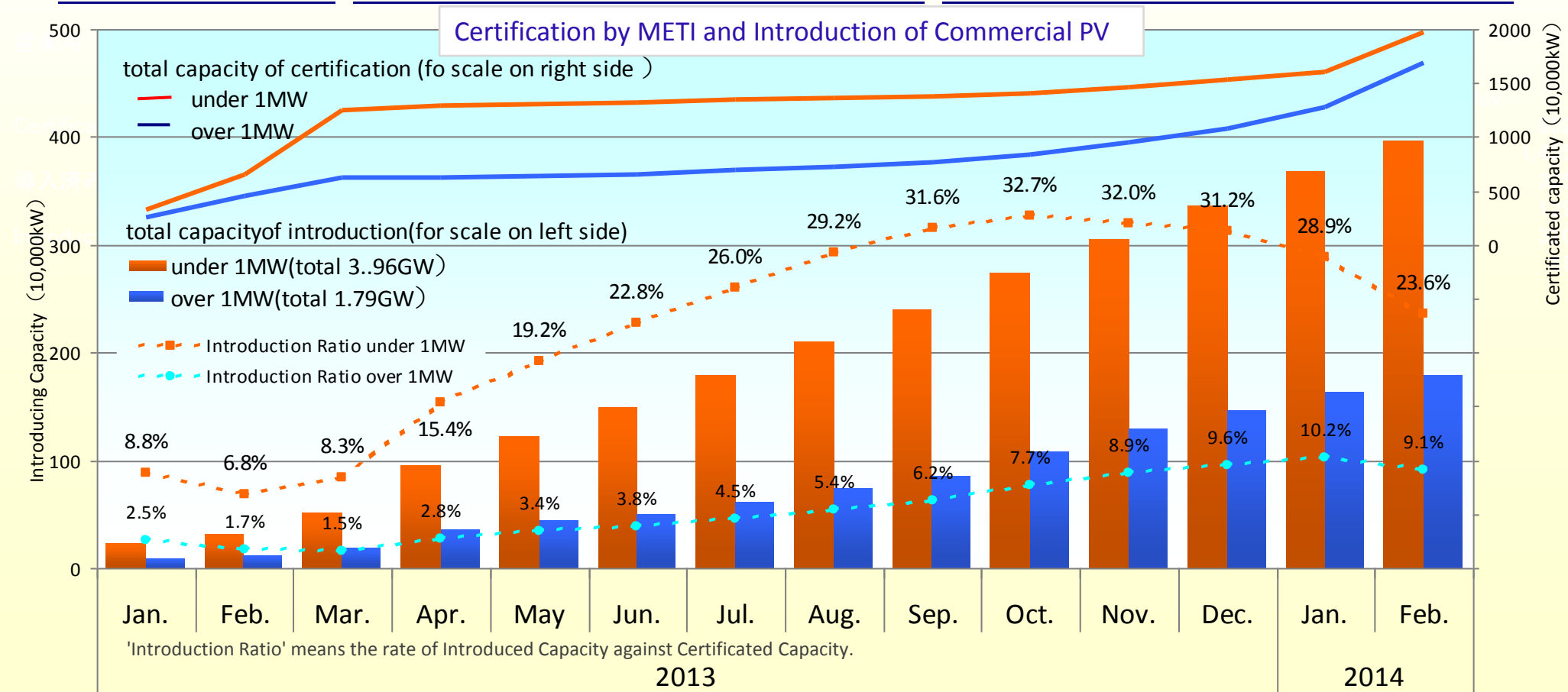
The prediction of introduction for commercial PV system to 2030 by JPEA(Japan Photovoltaic Energy Association)



Referred from "JPEA PV OUTLOOK 2030" arranged by MIZUHO Research Institute

Cumulative introduction amount in Japan as of 2020:49GW , 2030:102GW

	Before the Feed-in Tariff Scheme		After the Feed-in Tariff Scheme	
	Combined total capacity of facilities before July 1, 2012		Combined total capacity of facilities from July 1, 2012, to Feb.28 2014	
	composition		composition	
PV(for Household)	about 4,700,000 kW	22.8%	about 2,190,000 kW	26.9%
PV(for Commercial)	about 900,000 kW	4.4%	about 5,760,000 kW	70.7%
Wind and others	about 15,000,000 kW	72.8%	about 210,000 kW	2.6%
TOTAL	about 20,600,000 kW		about 8,150,000 kW	



The company arranged data of 'Present Status and Promotion Measures for the introduction of Renewable Energy in Japan'(METI)

Type	advantages	disadvantages
Solar (PV)	<p>Huge amount of introducing potential.</p> <p>Daytime generation which have large demand.</p> <p>Short time to installation.</p> <p>Relatively low cost installation.</p>	<p>Relatively high cost for generation.</p> <p>Generation depend on sun light.</p>
Wind	<p>Low cost at large size development.</p>	<p>Suitable areas location limited.</p> <p>The wind is not always predictable.</p> <p>Long development period 5 to 10 years.</p>
Geothermal	<p>Japan has the third largest volume of geothermal resources in the world.</p> <p>Relatively stable generation.</p> <p>Relatively low cost for generation.</p>	<p>Most geothermal resources are located in natural parks.</p> <p>Long development period about over 10years.</p> <p>A huge development cost.</p>
Small medium Hydro	<p>Much more reliable than wind, solar or wave power.</p> <p>Relatively small areas for the power generation facilities.</p>	<p>Finding a suitable site can be difficult.</p>
Biomass	<p>It makes sense to use waste materials where we can.</p> <p>Relatively stable generation.</p>	<p>Collecting or growing the fuel in sufficient quantities can be difficult.</p>

The company arranged file of Agency of National Resources and Energy

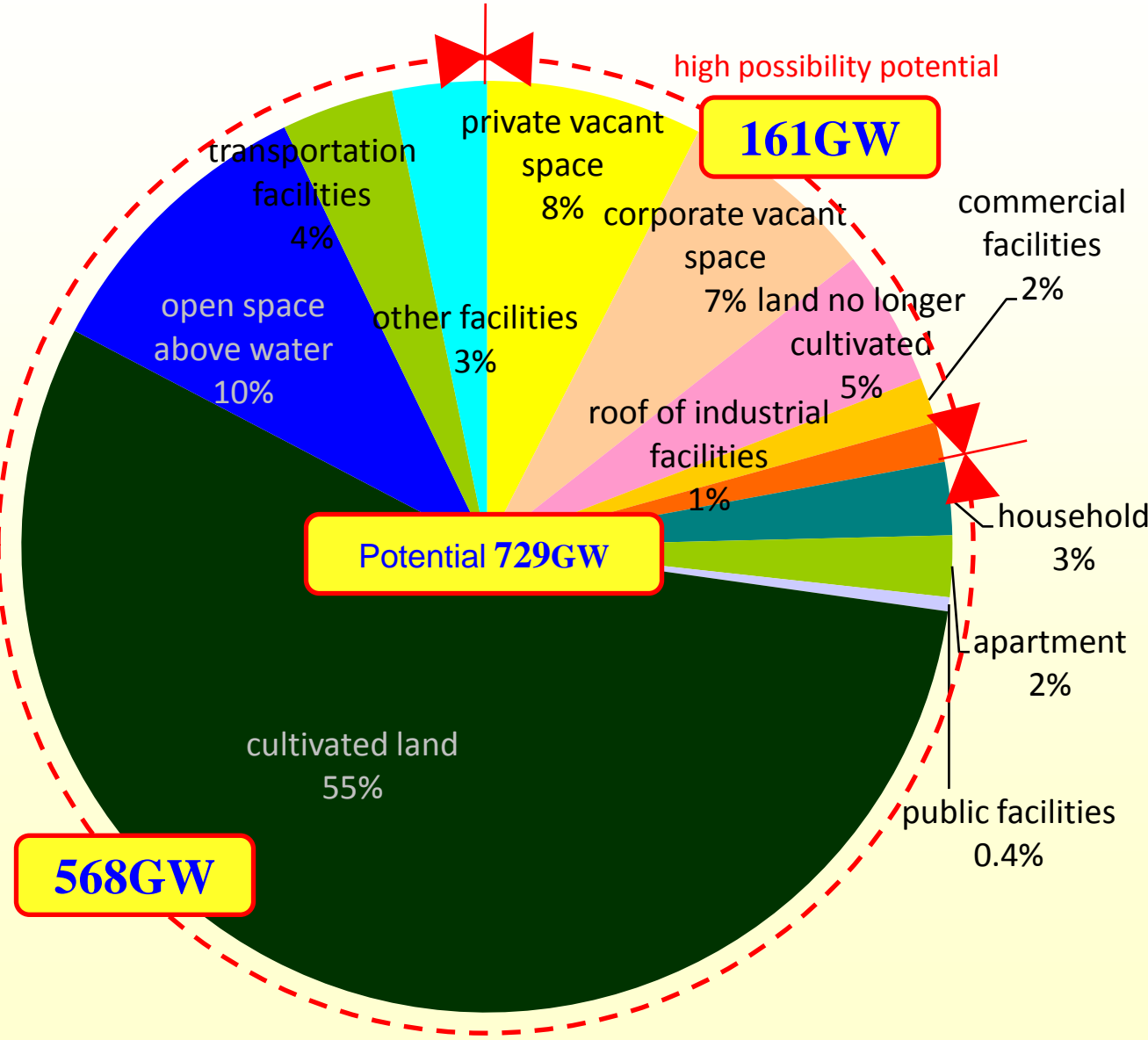
PV is a suitable renewable energy for Japan

2-1 Market trend of PV in Japan

Introducing Potential by Studying of Free Spaces for PV (1)

Introducing potential by a study of suitable spaces for commercial PV system

As a result of test calculating for introducing potential of commercial PV system by free spaces, total introducing potential is about 161GW



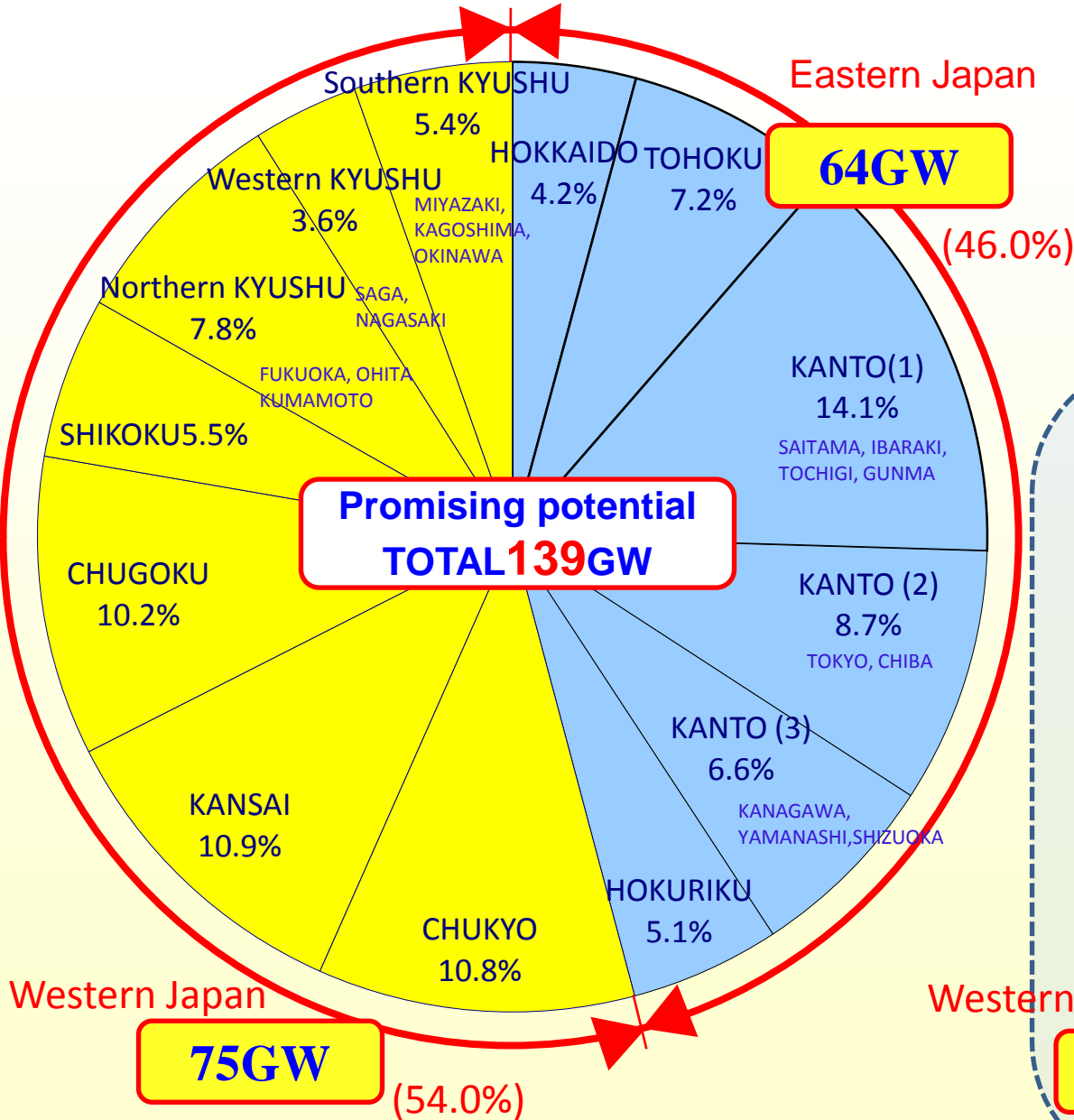
Fields Type		area	potential
		Square km	MW
Relatively high possibility	private vacant space	631	54,645
	corporate vacant space	581	50,315
	land no longer cultivated	396	34,294
	commercial facilities	133	11,518
	roof of industrial facilities	117	10,132
	subtotal	1,858	160,904
Relatively low possibility	household	158	18,410
	apartments	133	15,485
	public facilities	41	3,551
	cultivated land	4,629	404,012
	openspace above waters	855	74,043
	transportation facilities	324	28,376
	other facilities	275	23,815
	subtotal	6,415	567,692
TOTAL		8,273	728,596

Study and calculated by MIZUHO Research Institute.

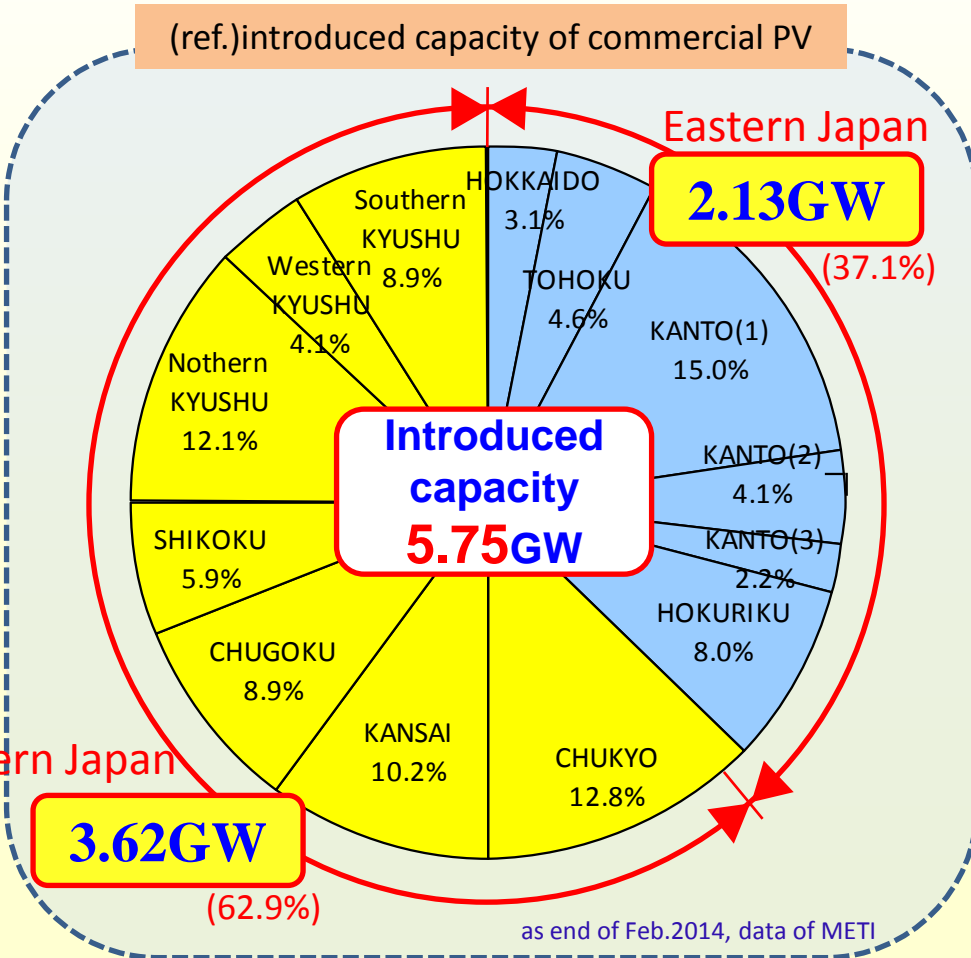
2-1 Market trend of PV in Japan

Introducing Potential by Studying of Free Spaces for PV (2)

Test calculating after 'promising potential' considered of the climatic elements



'Promising potential' will be the potential subtract 50% of HOKKAIDO, TOHOKU, and HOKURIKU as snowfall areas from 161GW before page. It's calculated 139GW.

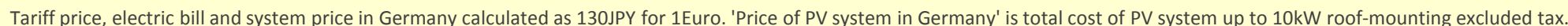


Study and calculated by MIZUHO Research Institute.

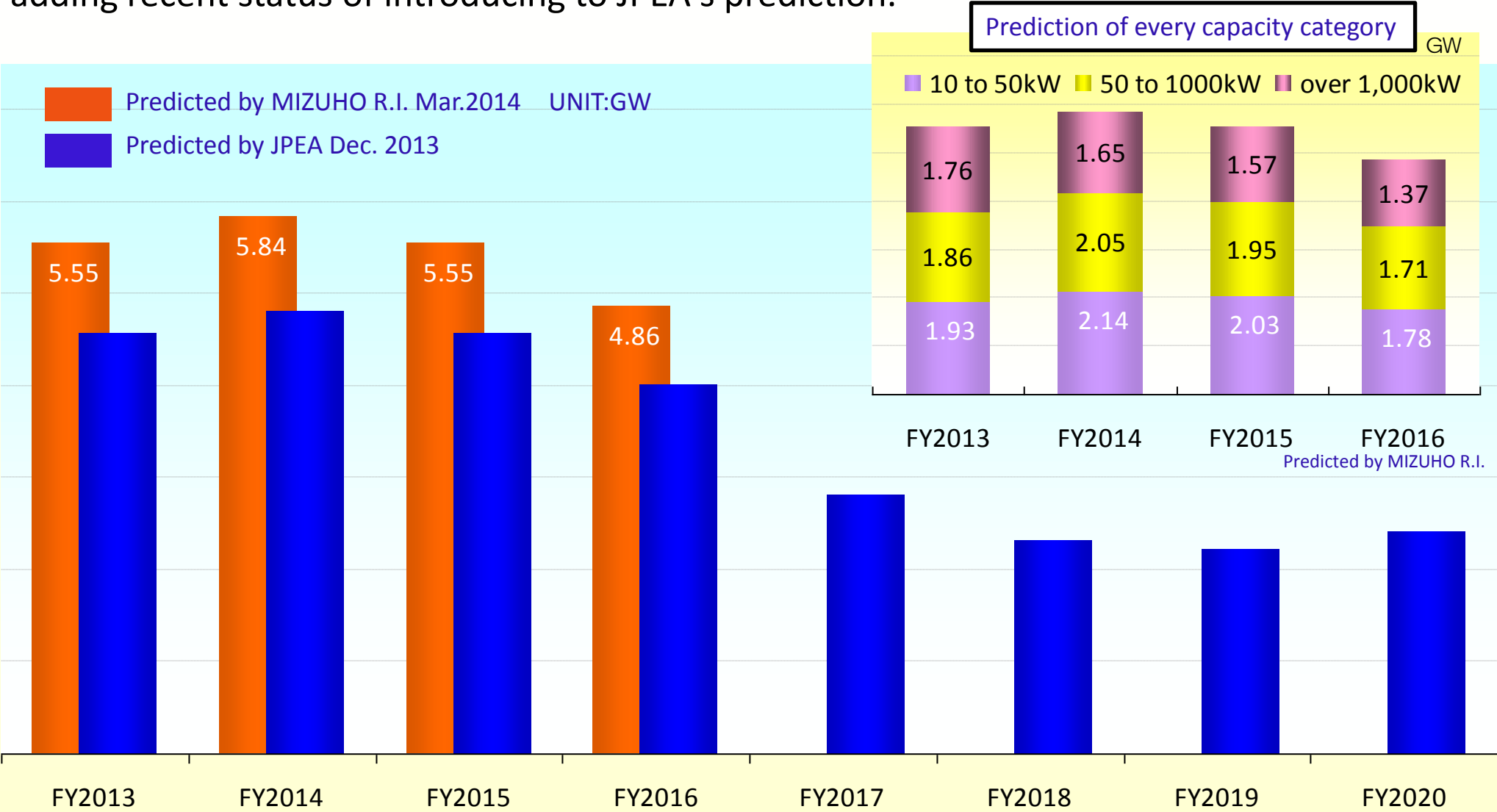
as end of Feb.2014, data of METI

Sun Shine Plan 2016

The company arranged data of METI and German Solar Industry Association



MIZUHO Research Institute predicted the yearly introducing capacity of commercial PV system adding recent status of introducing to JPEA's prediction.



Total introducing capacity by JPEA are 2020:49GW , 2030:102GW (residential and commercial)

JPEA prediction on 'JPEA PV OUTLOOK 2030'

3. Mid-Term Business Plan

We contribute to the society through Energy and Environmental Business

We contribute to society on spread of eco-friendly energy and resource recycling power generation based on experiences and high reliability.

for Energy, for Environment

Energy and Environment

Solar power generation
Resource recycling power generation
Electricity retail and wholesale

FOR SANITARY AMENITY

Sanitation and
Environmental
business

until last fiscal year

This Mid-Term 3 years (FY2014-2016)

Promotions for growth and profit maximization

1. Expansion of commercial PV business

- Precise response and expansion of shares in the West Japan area
- Strengthening development of direct installation systems and expansion of shares in the East Japan area
- Promotion of self-manufacturing of main components such as PV module and inverter
- Promotion of cost reduction in increased installation of high-voltage projects from the business term ending in March 2015

2. Expansion of resource recycling power generation

- Improvement quality of plastic fuel and increased operation efficiency at power plants
- Expansion of capacity by reinforce plastic treatment facilities
- Start of biomass power generation that uses organic waste processing (HIBIKI Plant)

3. Full-fledged launch of electricity retailing and wholesale business

- Entry into the retail business with a focus on liberalization of electricity retailing in 2016

3-2 Projection of Sales, Income and Investment

Sales and Income of GROUP

SANIX

Sun Shine Plan 2016

Target of consolidated sales and Incomes

Millions of yen	FY2013 results	FY2014 forecast	FY2015 projection	FY2016 projection
Net Sales	84,221	161,500	251,000	330,000
YOY	194.2%	191.8%	155.4%	131.5%
Gross Profit	21,421	38,600	56,000	72,500
Gross Profit margin	25.4%	23.9%	22.3%	22.0%
Operating Income	4,508	14,000	24,000	34,000
YOY	241.0%	310.5%	171.4%	141.7%
Operating margin	5.4%	8.7%	9.6%	10.3%
Ordinary Income	4,309	13,800	23,000	32,500
Net Income	2,964	8,830	14,000	20,000
Net Income margin	3.5%	5.5%	5.6%	6.1%

3-2 Projection of Sales, Income and Investment

Sales and Incomes by Segments

SANIX

Sun Shine Plan 2016

Target of Sales and Incomes by divisions





	FY2013		FY2014		FY2015		FY2016	
	Results	compsn	Forecasts	compsn	Projection	compsn	Projection	compsn
Net Sales	84,221		161,500		251,000		330,000	
SE	51,340	61.0%	136,912	84.8%	225,820	90.0%	303,810	92.1%
ERD	16,051	19.1%	16,410	10.2%	17,120	6.8%	18,370	5.6%
HS and ES	16,829	20.0%	8,178	5.1%	8,060	3.2%	7,820	2.4%
Gross Profit	21,421	25.4%	38,600	23.9%	56,000	22.3%	72,500	22.0%
SG&A	16,912	20.1%	24,600	15.2%	32,000	12.7%	38,500	11.7%
Op. Income	4,508	5.4%	14,000	8.7%	24,000	9.6%	34,000	10.3%
SE	4,410	(8.6%)	14,468	(10.6%)	25,470	(11.3%)	36,670	(12.1%)
ERD	1,364	(8.5%)	1,440	(8.8%)	2,080	(12.1%)	2,520	(13.7%)
HS and ES	1,331	(7.9%)	1,380	(16.9%)	1,200	(14.9%)	1,000	(12.8%)
Group	(2,598)		(3,288)		(4,750)		(6,190)	

(note) The underlined percentage indicate Operating margin of each segment.



(note) It shows the numbers of former CPS segment on SE of FY2013 results.

(note) Because the sales on forecasts and projections of SE segment include the sales of residential PV system that was included in the sales of HS and ES segment, a simple comparison is not possible except ERD segment.

Plan for Capital Expenditure

	Millions of Yen	FY2014	FY2015	FY2016
SE division				
reinforcement of PV module factory		850		
reinforcement and new establishment of inverter factory		845		
ERD division				
for quality improvement<plastic>		115		
preparation for new plants<plastic>				
biomass generation system<organic water>			1,000	
Headquarters				
new training center at Kanto region		500		
CAPEX Total		2,500	3,500	5,000

Plan for R&D

	Millions of Yen	FY2014	FY2015	FY2016
monitering system		100		
Inverters		230		
construction efficiency improvement		200		
secondary battery				
R&D Total		660	1,500	2,050

After indicate the plan amount of money of some plans that have clear details, the total plan amount are on the yearly total.

Basic Policy Regarding Distribution of Profits

At our company, increasing the profits of our shareholders is one of the most important issues for our management. In terms of the distribution of profits, our fundamental purpose is to maintain stable dividends, while also comprehensively taking into account the performance of management and the dividend payout ratio. We are constantly striving to meet the expectations of our shareholders. We are in the act of paying no dividend since FY2005, the company intend to realize resumption of dividend early.

4. Plan Every Business Segments

4-1 Photovoltaic Solution Business

Sales Projections and Main Issue

Sales Projection and Main Issue of SE division

Millions of Yen

FY2014 Forecasts		FY2015 Projection		FY2016 Projection	
Sales	Op.Income	Sales	Op.Income	Sales	Op.Income
136,912	14,468	225,820	25,470	303,810	36,670

main issue	<ul style="list-style-type: none"> 1) structure reinforcement at West reinforce of sales staff and engineer 2) structure reinforcement at East establish new business sites reinforce of sales staff and engineer 3) boost capacity of PV module produce reinforce the Shanghai factory 4) in-house production of Inverter establish the mass production system 5) cost down for manage increasing high-voltage system 6) development of monitoring system 7) reinforce the logistic system establish logi-center in Kanto region 	<ul style="list-style-type: none"> 1) structure reinforcement at West strengthening business activities 2) structure reinforcement at East strengthening business activities 3) introducing maintenance business 4) boost production capacity of PV module 5) continuous development of Inverter 6) development of secondary battery 	<ul style="list-style-type: none"> 1) structure reinforcement at West strengthening business activities 2) structure reinforcement at East strengthening business activities 3) enhancement maintenance business 4) continuous development of Inverter 5) introducing battery business

SE division : Sites and Staffs

● SE-West 64 sites

Sales : 286
Engineers : 1440

as end of Mar.2014

Sales : 690
Engineers : 2,800

as end of Mar.2015

Sales : 690
Engineers : 3,600

as end of Mar.2017

Establish the training center

a new training center at Kanto region on FY2014

● SE-East 6 sites

Sales : 60
Engineers : 41

as end of Mar.2014

Sales : 200
Engineers : 540

as end of Mar.2015

Sales : 300
Engineers : 1,500

as end of Mar.2017

15 to 20 sites

▲ Logi-sites

Establish the TAKEO factory #2

Reinforce the Logi-sysetm

produce about 60MW Inverters on a month with TAKEO factory #1 and #2(from FY2014)

4-1 Photovoltaic Solution Business

Cost Price Control Plan

Control the cost price in response to the drop of the tariff price

items	present condition	Mid-Term counter plan
PV module	Procure from Shanghai subsidiary factory and outside companies. Shanghai has capacity of 60MW per year.	Enforce the production capacity of Shanghai factory.
Inverter	Procure from domestic inverter maker.	Develop and produce in-house, and develop continuously for cost cut and function improvement. Cost down for manage high-voltage PV system.
Mounting system	Self development and procure from OEM vendors.	Cost cut according to change of use steel materials. Develop some new mounting system for installation efficiency improvement.
Cables	Procure from domestic dealers or sub dealers.	Bring the products from overseas directly.
Logistics	2 Logi-center(KYUSHU and OSAKA) and 4 warehouses. Unload components from overseas at FUKUOKA port and transport to each sites and installing fields.	Establish a new Logi-center at KANTO region and build more warehouses. Unload components at the ports near each Logi-center and warehouses.

SE division	FY2014		FY2015		FY2016	
Millions of Yen	Forecasts	YOY	Projection	YOY	Projection	YOY
Net Sales	136,912	162.6%	225,820	164.9%	303,810	134.5%
Op. Income	14,468	282.3%	25,470	176.0%	36,670	144.0%
Op. margin	10.6%		11.3%		12.1%	
Install volume	585MW		980MW		1,335MW	
estimated Share	14.0%		24.6%		38.3%	
manpower plan	as end of the fiscal year		as end of the fiscal year		as end of the fiscal year	
sales	890	261.8%	990	111.2%	990	100.0%
engineers	3,340	230.3%	4,450	133.2%	5,100	114.6%

The denominators of estimated share are the prediction capacity on page 19.(up to 1MW)

Expansion of shares in Western and Eastern Japan

In the Western Japan area, precise response and expansion of shares . And aim to high level operating margin according to installation efficiency improvement by effective deployment of engineers to be the core business.

In the Eastern Japan area, strengthening development of direct installation systems and enhance business cover areas and expansion of shares .

Sales Projection and Main Issue of ERD division

単位：百万円						
FY2014 Forecasts			FY2015 Projection		FY2016 Projection	
Sales		Op.Income	Sales	Op.Income	Sales	Op.Income
16,410		1,440	17,120	2,080	18,370	2,520
Main Issue	<plastic>		<plastic>		<plastic>	
	1) improvement of plastic quality		1) improvement of plastic quality		1) improvement of plastic quality	
	improvement of existing facilities		improvement of existing facilities			
	2) Expansion of capacity		2) Expansion of capacity		2) Expansion of capacity	
	preparations for facilities enlargement		facilities enlargement		preparations for new plants	
	<power generation>		<power generation>		<power generation>	
	1) Increased operation efficiency		1) Full scale entry to the electricity		1) Enhancement the electricity retail	
	2) Entry into the electricity retail		retail business		business	
	business					
	<waste organic water>		<waste organic water>			
	1) startup the volume reducing		1) startup the biomass generation			
	facilities					

ERD division	FY2014		FY2015		FY2016	
Millions of Yen	Forecast	YOY	Projection	YOY	Projection	YOY
Net Sales	16,410	102.2%	17,120	104.3%	18,370	107.3%
Plastic	10,505	102.6%	11,100	105.7%	12,200	109.9%
Power	3,497	102.4%	3,600	102.9%	3,700	102.8%
Organic	1,845	104.4%	1,850	100.3%	1,900	102.7%
Dispo.etc.	563	89.6%	570	101.2%	570	100.0%
Op. Income	1,440	105.6%	2,080	144.4%	2,520	121.2%
Op.margin	8.8%		12.1%		13.7%	

'Plastic' means plastic fuel , 'Power' means power generation, 'Organic' means organic waste water recycled, and 'Dispo. etc.' means final disposal and others.

Preparing to next growth step according to improvement quality of plastic fuel.

On the resource recycling power generation business, increased operation efficiency at power plant by improvement quality of plastic fuel. And entry into the electricity retail business with a focus on liberalization of electricity retailing.

And on the organic waste water recycling business, start of biomass power generation that uses organic waste processing.

4-3 Sanitation Business

Numeric Value Plan on HS and ES division

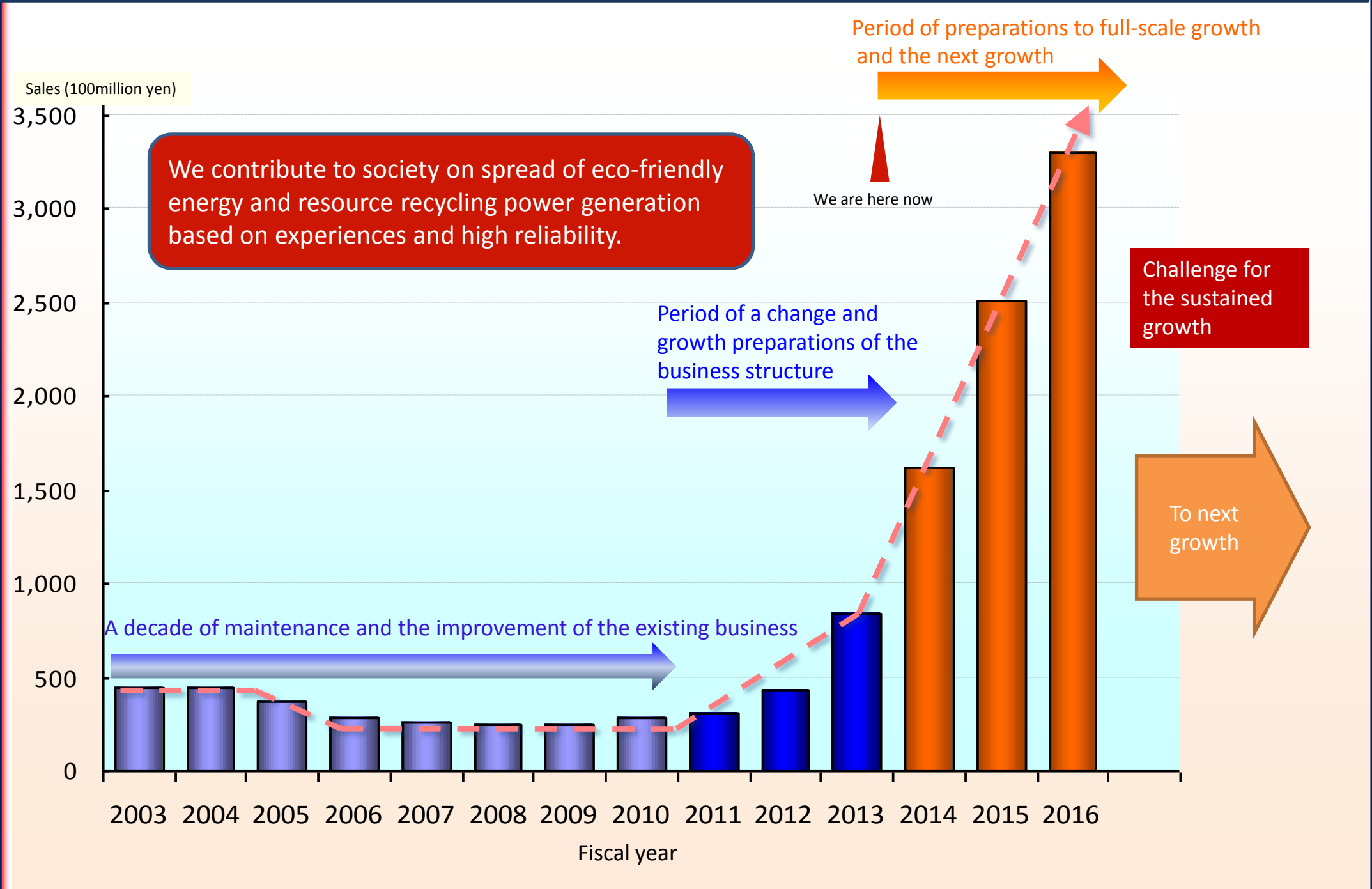
SANIX**Sun Shine Plan 2016**

HS & ES	FY2014		FY2015		FY2016	
Millions of Yen	Forecasts	YOY	Projection	YOY	Projection	YOY
Net Sales	8,178	71.3%	8,060	98.6%	7,820	97.0%
Op. Income	1,380	–	1,200	87.0%	1,000	83.3%
Op. margin	16.9%		14.9%		12.8%	

Keep on the business system and certain maintenance duties

Maintain the quick system met precisely for maintenance and the order from existing customers as before on both HS and ES.

(note) YOY on the table are calculating after discounted the sales of residential PV system that was included in the sales of HS and ES divisions at FY2013. As for it cannot calculate accurate value of operating income, YOY shows bars.



6. Action to the Future

Extend the share of the PV market

Expanding price competitiveness and extend the share of the PV market in Japan still more

Establish maintenance business for PV system

Establishment maintenance business for existing commercial PV system

Development the PV outskirts fields such as secondary battery

Start up the business of PV outskirts fields such as secondary battery with matching the change of the FIT scheme.

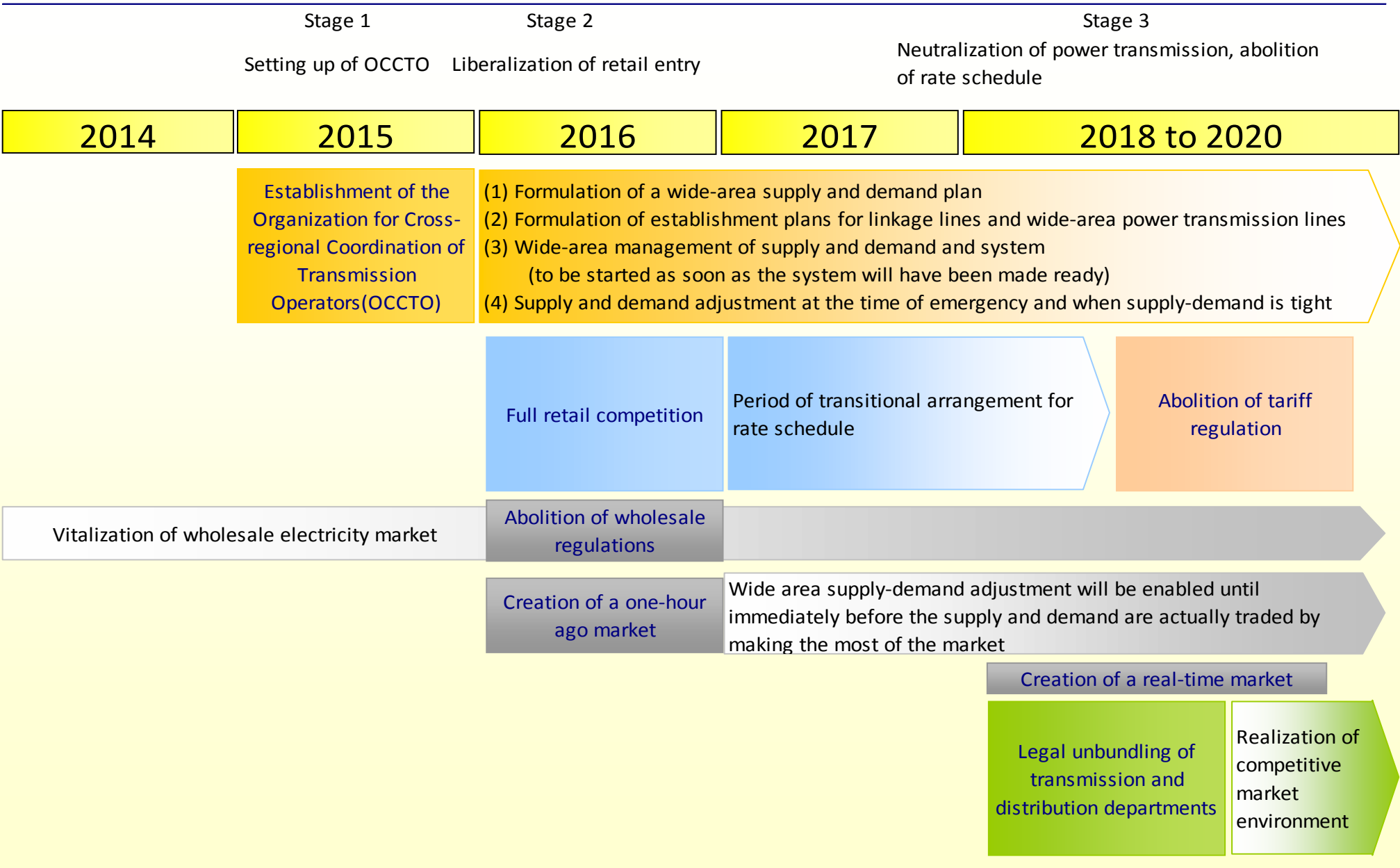
Enhanced the resource recycling power generation business

Finished the preparation for expansion of plastic plants and the power plant and start to scale expansion.

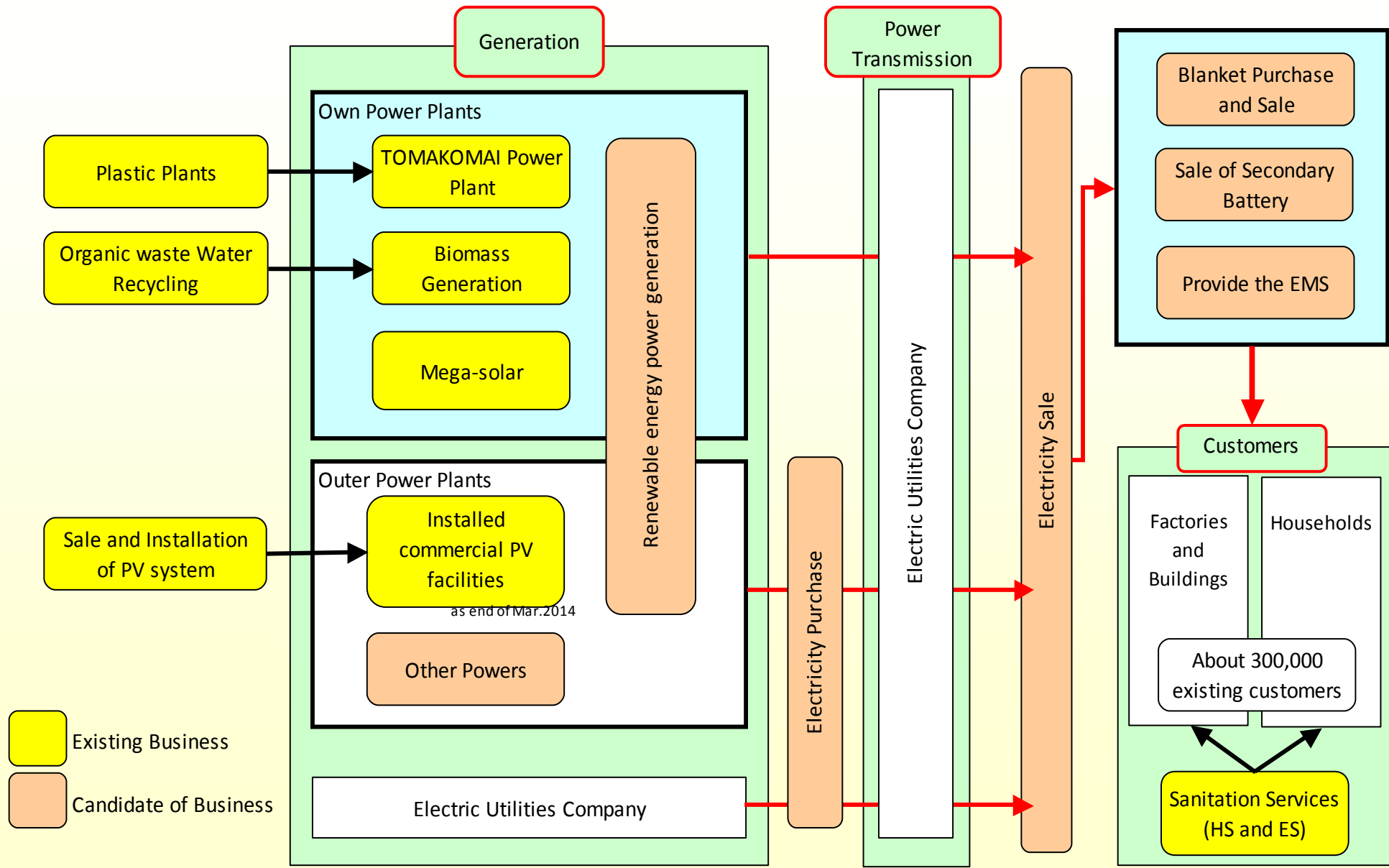
Full-fledged launch of electricity retailing and wholesale business

Measuring the profit expansion in the field of retail and wholesale of the electricity that assumed the own thermal power plant and the stocking from existing PV power generation facilities as the main power supply.

Roadmap for Electricity System Reform



For new business development, we get ready for all possible measures on this three years





for Energy , for Environment

Disclaimer

This material contains certain forward-looking statements. Such forward-looking statements are not intended to provide guarantees of our future performance and are based on certain assumptions and management's judgment based on currently available information. Therefore, actual results in future earnings and operating results may materially differ from those contained in the forward-looking statements.

The following items are among the factors that could cause actual results to differ materially from the forward-looking statements in this material:

- changes in economic environment in Japan and abroad, business condition in Japanese manufacturing industry, competition with other manufacturers, changing technology, regulatory environment, new legislation and any other factors which are beyond our control.

In addition, this presentation is not intended to solicit investment to securities issued by us. We assume no responsibility for any losses and liabilities that may be incurred because of information contained in this material.

CONTACT

Management and Planning Division
SANIX INCORPORATED
Email : w961185@sanix.co.jp
TEL : +81(92)436-8882