

May 28, 2014

Notice of the SANIX's New Mid-term Business Plan, "Sun Shine Plan 2016"

SANIX Incorporated (Ticker:4651,TSE/FSE, President & CEO: Shin-ichi Munemasa) announces the new mid-term business plan, "Sun Shine Plan 2016" for the FY2014–FY2016 planning period, approved by the Board of Directors at the board meeting held on May 28, 2014 as below.

1. Context for establishment of the new mid-term business plan

In response to the "Feed-in Tariff Scheme for Renewable Energy" launched in July 2012, SANIX has focused on management resources in the rapidly expanding business field of commercial solar power system(10kW or more). Regarding the business term ending in March 2014 as the year to launch the expansion of business operations, the company is constructing a framework, expanding business operations, and accelerating the shift to energy business. On the other hand, the main business for the environmental sanitation management business for households and businesses, which has been the original business since the company's founding, will be maintenance for existing clients. In the future, the company will roll out an environmental resource development business that will carry out resource recycling power generation. SANIX expects to significantly transform SANIX's business structure into an energy corporation through concentrated investment in commercial solar power business for management resources.

Meanwhile, although commercial solar power business is a business field anticipated to grow in the future, it is possible that the "Feed-in Tariff Scheme for Renewable Energy" system will be discontinued due to the fact that the purchase price (the tax-excluded price for 10kW or more will drop from 36 yen to 32 yen in this fiscal year) is projected to fall and the fixed-price purchase period (20 years in the present policy) may be truncated.

Amid this market environment, market trends must be thoroughly grasped and opportunities in rapid market changes quickly seized. Though this fiscal year's purchase price for commercial solar power systems has been reduced, the SANIX Group has judged there to be substantial trade inquiries for system installment and healthy demand, and that the environment is ripe for active development of business.

Given the above, with the business term ending in March 2015 slated as the initial year, the SANIX Group is clarifying the company's direction and initiatives in various operations departments for each fiscal year in order to accelerate the shift to a solid energy company by establishing recognition and projection of the business environment, a management policy, business strategy, numerical plan, and new mid-term business plan.

2. Summary of the new mid-term business plan, "Sun Shine Plan 2016"

(1) Recognition and projection of the business environment

In Japan, operations at nuclear power plants have been suspended one after another since the Great East Japan Earthquake. Total generated energy has dropped to year of 2003 levels, and the vulnerability of the energy supply infrastructure has grown, including various problems such as a rising trade deficit that accompanies increased operations of thermal power plants to compensate for the reduced levels. On the other hand, rapid expansion of solar power and wind power has been anticipated due to the “Feed-in Tariff Scheme for Renewable Energy” launched in July 2012 to actively promote renewable energy policies. Solar power, which can generate electricity during the day when there is a particular demand for electricity, is a renewable energy suited to Japan.

The government’s Basic Energy Plan drawn up in 2014 specifies that, “acceleration of adoption will be maximized for approximately 3 years from FY2013 and thereafter actively promoted.” In addition, the plan aims for the percentage of renewable energy accounting for total generation to be approximately 20% or more in 2030. Even viewed over the long term, the potential for adoption of solar energy on roofs or the ground where installation is possible is deemed to be extremely great.

(2) The SANIX Group’s business strategy

Based on experiences cultivated to date, we will contribute to society via the spread and promotion of environmentally friendly energy through business related to solar power and resource recycling power generation.

1.Expansion of commercial solar power 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 solar modules and inverters
- 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 reinforcing 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) Numerical plan

[Group consolidated]

(Millions of Yen)

	FY2013 actual	FY2014 Forecasts	FY2015 Projection	FY2016 Projection
Sales	84,221	161,500	251,000	330,000
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
Operating Margin	5.4%	8.7%	9.6%	10.3%
Net Income	2,964	8,830	14,000	20,000
Net Income Margin	3.5%	5.5%	5.6%	6.1%

For more information, please contact to;
Kozo INOUE, Managing Corporate Officer,
General Manager of Management & Planning Division