Yasuhiro Yamanaka

Representative Director & President

Profile

April 1983 Entered Dai-Dan
April 2017 Corporate Officer, Manager of Sales Division, Dai-Dan
July 2017 Senior Corporate Officer, Manager of Sales Division, Dai-Dan
April 2020 Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
June 2020 Director, Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
April 2021 Director, Senior Managing Corporate Officer, General Manager of East Japan Division, Representative of the Tokyo Head Office, Dai-Dan
April 2024 Representative Director, President, and Corporate Officer, Dai-Dan (current position)

Now, when demand for construction is strong, is a crucial time for a leap forward—building a foundation for sustainable growth by strengthening human capital and expanding growth investment

Our company was founded in Osaka in 1903 and celebrates its 123rd anniversary this year. Starting with electrical work, and later adding air conditioning and plumbing work, we expanded our business as a building services engineering company and have grown to be one of the largest companies in the facility construction industry. Throughout this journey, we have made efforts to create value in space by flexibly adapting to changes in the times and society's needs. Continuing business for over 120 years is thanks to the support and trust of our customers, which is a source of great pride for us.

Review of Financial Results for FY2024

Achieved record profits through improved profitability at the time of order intake and increased share of industrial facility projects

In April 2024, I was appointed Representative Director and President, and have taken the helm of the company in a difficult business environment where upper limits on overtime hours are now also applied to the construction industry. Despite the tough circumstances, in the first year of our Mid-Term Management Plan Phase 2, the Refining Stage, for the FY2024, our consolidated net sales reached 262.7 billion yen and consolidated operating profit reached 23 billion yen, marking our highest sales and profits since the company was founded. This figure exceeded the targets planned for the final year FY2026 of the Refining Stage, and I am sincerely delighted by this result and deeply grateful for the efforts of our employees.

Factors behind the record-high profits include, first and foremost, robust domestic construction demand and a tight labor supply/demand balance in the construction sector, which enabled us to absorb rising labor and equipment/material costs by increasing our order unit prices. While the construction cost index rose significantly compared to the previous year, we were able to improve profitability at the order-taking stage.

Another major factor was an increased share of industrial facility projects. Industrial facility projects require advanced technology and highly precise construction to realize the required spatial environment. For example, high-performance clean room technology is essential for semiconductor manufacturing; low-dew-point environment technology for is required automotive battery manufacturing; and large-scale, high-function air conditioning technology that efficiently cools servers for data centers is indispensable. We established a specialized department for industrial facilities 25 years ago and have focused on needs assessment and technology development, resulting in a strong advantage in this area. By building up each project one at a time, we have further refined our technology and received high evaluations from our customers. This approach to our work—continuing to create value in space by adapting to changing times—is exactly what defines our company, and our steady commitment to our core business has borne fruit in the form of record-high completed construction and profit in recent years as industrial facility demand has rapidly expanded. More industrial facility owners are turning to Dai-Dan for air conditioning, and from a management perspective, the fact that industrial facility projects—where advanced technology is required and profit can be expected—now account for just under 60% of our total orders is greatly contributing to our profitability. We believe that we have been able to build a solid business foundation in this area, which we expect will continue to expand going forward.

Growth Strategy in the Refining Stage

Strengthening practical competence is the core of our growth strategy

Next, let me speak about our company's growth strategy.

In the "Refining Stage", our management policy is to "enhance corporate value by realizing human resource development based on human resource strategy". Our company is a labor-intensive business that works on construction sites using machinery and materials sourced externally. We believe that the quality of our work and our differentiation from competitors are determined by each employee's practical competence.

On construction sites, workers from many companies and various professions gather. Within this environment, it is essential to communicate smoothly with surrounding people, anticipate future processes, and carry out work efficiently, safely, and reliably. What is required is each employee's knowledge, initiative, communication skills, decision-making ability, and imagination. We are confident that strengthening and enhancing these skills that thrive on-site—namely, practical competence—will be the driving force behind our company's growth. This is why, upon becoming President, my first priority was to focus on our human resources strategy.

Review recruitment, training, and promotion strategies to enhance human capital

Our human resources strategy rests on three pillars.

The first pillar is Strengthening Recruitment. Our employee numbers are slightly lower than those of our competitors, so to close this gap, we have been increasing our new hires for about five years. Last year, we restructured so that the Recruitment Division is now directly under the President, and I personally am leading further efforts to strengthen recruitment. Specific initiatives include raising starting salaries, introducing a student loan repayment program, strengthening school visits, selecting recruiters from among employees to support hiring, and implementing a referral hiring system that provides incentives for employee referrals leading to mid-career hires. We are proactively adopting many such measures. Our 2025 new graduate recruitment yielded promising results, and we believe our efforts to strengthen recruitment are progressing smoothly.

The second pillar is Hands-on Training. We have conducted group training for new employees for over 40 years. Through living together at the training facility for half a year after joining, employees develop basic knowledge, practical skills, and a collaborative attitude. We will continue to regularly review and update the training content in response to on-site needs and changes in the social environment. Additionally, starting this term, we are reforming training to improve employees' practical competence. We are updating training programs to be more in line with on-site and practical needs, reviewing the previous hierarchical training system—such as training for employees newly appointed as site managers, training for those handling large sites for the first time, and training to deepen understanding of industrial facilities—while ensuring the effectiveness of OJT.

The third pillar is Employee Rotation. Previously, transfers were relatively uncommon, but now, in principle, employees should be transferred between departments or divisions within their first 10 years. This rotation system aims to increase the number of acquaintances inside and outside the company for each employee and broaden their experience.

By increasing the base number of hires and steadily developing employees so they can broaden their experience and networks, each individual will have a wider range of tools at their disposal, empowering them on-site, and as a result, strengthening the company's overall capabilities.

Thorough source management for an organization where practical competence thrives

Together with improving employees' practical competence, it is vital to create an organizational structure that enables them to fully leverage these strengths. This is why I always emphasize thorough source management.

The construction site is not only the source of our profits, but also a place where quality accidents and safety issues could occur. Each site is a "source" for us, and continuously striving for the best at this source directly translates to maximizing the company's overall profits. It is unrealistic to manage every source in detail from a high-level perspective, and managers who are distant from the sites can only make judgments based on opinions and consultations gathered from the field. What should be thoroughly implemented is a mindset where the individuals at each source manage the work of the team on-site. If individuals can keenly sense changes and creatively implement necessary improvements, this will directly enhance our organizational strength. I want to build an organization where this is embedded.

As part of creating this kind of organization, we are promoting the "ZASSOU Movement" — a name derived from the combination of "ZATSUDAN" (casual chat) and "SOUDAN" (consultations). Through my own experience, I have repeatedly witnessed how issues on-site can arise from trivial consideration, speculation, or hesitation, eventually escalating into major problems. To prevent accidents, eliminating small communication bottlenecks at job sites and workplaces is essential. The ZASSOU Movement aims to create an environment where casual chats naturally evolve into consultations. When employees can openly share what's on their mind without hesitation, speed and unity are fostered, enabling us to solve challenges one by one, and the organization will undoubtedly transform.

Creating a fourth business pillar through innovation capabilities

From the perspective of business development, alongside improving practical competence, it is necessary to generate new businesses through innovation capabilities.

We have long handled construction projects for healthcare and pharmaceutical facilities that require clean environments. Based on our experience in hospital projects and our network with physicians and researchers, we are moving into the area of regenerative medicine. Building on the establishment of "Cellab Tonomachi"—an open innovation hub equipped with cutting-edge CPF (Cell Processing Facility)—in Kawasaki City in 2017, we founded the group company Cellab Healthcare Service Co., Ltd. for regenerative medicine business in 2020. This company is engaged in the development, manufacturing, and sale of the compact package-type "All-in-one CP Unit" for cell processing, as well as contract manufacturing of clinical trial products for cancer immunotherapy being researched by Kyushu University bio-venture "GAIA BioMedicine."

Comprehensive equipment construction is a mature industry. Considering our future business portfolio, we plan to nurture our regenerative medicine business—which has great potential—as the fourth pillar, joining mechanical work, electrical work, and overseas business.

Expanding growth investment to improve construction capabilities

Based on our business performance for the FY2024, we have revised our sales and operating profit targets upward for the final year of the Refining Stage. Accordingly, we have also increased our planned growth investment from the initially planned 30 billion yen cumulative total over three years to 43 billion yen.

Among growth investments, M&A is one of the key strategies serving as a growth engine after the next Mid-Term Management Plan. We are exploring various possibilities in order to proactively enhance construction capabilities and expand markets both domestically and internationally. In particular, the acquisition of Presico in Singapore last year made a significant contribution to the growth of our overseas business. Looking ahead, we intend to proceed with acquisitions that can enhance our global competitiveness whenever opportunities arise. Additionally, as mentioned earlier regarding regenerative medicine, we will continuously consider collaboration with companies that possess superior technologies or content to establish this area as a new pillar at an early stage.

Furthermore, in order to improve construction capabilities, we are also focusing on growth investments such as DX and offsite construction for greater efficiency. As DX initiatives, we are working to streamline general operations through our proprietary generative AI "Daidan AI Chat," and to innovate workflows by linking BIM data for HVAC and electrical systems with Autodesk through an MOU, while also providing specialized training to increase the number of personnel who can utilize such digital tools. Additionally, to reduce working hours at construction sites, we are advancing initiatives such as pre-processing piping and equipment at our own offsite facilities, as well as providing remote support for drawing and planning creation from our Support Department. These efficiency measures are also regarded as investments in human resources in a broad sense, and we believe they should be vigorously promoted.

To Our Stakeholders

Continue to embrace change and take on challenges

Despite severe labor shortages, rising overall construction prices, and an uncertain outlook due to U.S. tariffs and other factors, now is precisely the crucial time for further growth amid rising construction demand. While aiming to enhance the quality of our workforce and improve productivity, we seek to pursue an expansion strategy and strengthen our presence in the industry. Social issues we face—such as adapting to the AI era, addressing aging infrastructure, and achieving carbon neutrality—are becoming more complex year by year. Given these circumstances, I believe that achieving sustainable growth as a company requires even greater emphasis on the quality of management rooted in sound governance. We will strive to continually enhance corporate governance with transparency and fairness and aim to remain a trusted company.

Through our daily business activities, we will continue to embrace change and take on challenges so that we can continuously deliver a value in spaces. We sincerely ask for your continued understanding and support.