

Lacto Japan | 3139 |

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On July 13, 2022, Lacto Japan Co., Ltd. announced earnings results for 1H FY11/22.

		Sales (JPYmn)	YoY	Operating profit (JPYmn)	YoY	Ordinary income (JPYmn)	YoY	Net income (JPYmn)	YoY	EPS (JPY)	BPS (JPY)	ROA (OI-based)	ROE
FY11/14	Cons.	96,550	27.1%	1,532	118.8%	1,653	-1.0%	988	-1.9%	127.79	1,165.58	4.5%	12.2%
FY11/15	Cons.	98,001	1.5%	720	-53.0%	1,343	-18.8%	831	-15.9%	98.94	1,062.54	3.3%	8.5%
FY11/16	Cons.	88,679	-9.5%	3,349	365.1%	1,434	6.8%	946	13.8%	96.79	1,167.72	3.7%	8.7%
FY11/17	Cons.	101,335	14.3%	1,924	-42.6%	2,523	75.9%	1,755	85.5%	179.48	1,302.98	6.0%	14.5%
FY11/18	Cons.	115,441	13.9%	3,009	56.4%	2,613	3.6%	1,784	1.7%	182.31	1,462.35	5.5%	13.2%
FY11/19	Cons.	116,794	1.2%	3,144	4.5%	2,747	5.1%	1,963	10.0%	200.11	1,618.31	5.7%	13.0%
FY11/20	Cons.	110,838	-5.1%	2,959	-5.9%	2,781	1.2%	2,062	5.1%	209.47	1,774.58	6.1%	12.3%
FY11/21	Cons.	110,884	0.0%	2,787	-5.8%	2,682	-3.6%	1,959	-5.0%	198.73	1,978.42	5.6%	10.6%
FY11/22	Est. Cons.	140,000	26.3%	-	-	3,100	15.6%	2,250	14.8%	227.94	-	-	-

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1mn are rounded down in materials released by the company).

1H FY11/22 (December 2021–May 2022) results

Summary

In 1H FY11/22, the company reported consolidated sales of JPY69.8bn (+32.6% YoY), operating profit of JPY1.9bn (+22.0% YoY), ordinary income of JPY1.7bn (+17.9% YoY), and net income attributable to owners of the parent of JPY1.2bn (+19.4% YoY).

Compared with the upwardly revised full-year FY11/22 forecast released on July 5, 2022, 1H sales reached 49.8% of the full-year target (1H FY11/21 sales were 47.5% of the full-year FY11/21 result), while ordinary income reached 53.7% (52.7%) and net income 53.7% (51.6%).

Business environment

In the overseas food and ingredients market, demand for dining out increased as many countries relaxed various COVID-related restrictions, including travel restrictions and entry ban on foreign nationals, in a bid to foster economic activity while keeping in place infection prevention measures. However, the outlook remains uncertain due to increased concern for inflation worldwide amid soaring energy and agriculture product prices caused by the Russia–Ukraine war.

In Japan, while Q1 (December 2021–February 2022) results were affected by the resurgence of COVID-19 due to the spread of a new variant of the virus, in Q2 (March–May 2022), the number of infections declined and COVID-related restrictions were eased. Economic activity resumed, leading to recovery in demand for commercial food products and ingredients for the restaurant and leisure industry.

In the dairy industry, in addition to firm at-home consumption by consumers, commercial demand gradually recovered. Demand for dairy ingredients began to recover as well, but due to favorable domestic milk production, the inventory of domestically produced skim milk powder remained at a high level. Further, the volume of imported dairy products purchased by Agriculture & Livestock Industries Corporation (ALIC) in import tenders continued to trend at a low level. Despite a global recovery in demand, the difference between the prices of imported and domestically produced dairy ingredients narrowed due to a rise in international market prices driven by soaring energy and feed prices as well as a

decline in milk production volume in major overseas production areas caused by inclement weather, and a rapid devaluation of yen. For this reason, some imported dairy products were replaced with domestic skim milk powder.

Factors behind sales growth

Under these circumstances, the company worked to secure stable supply of dairy ingredients by taking full advantage of its procurement network, and focused on offering products designed to meet customer needs in efforts to lessen the impact of higher procurement costs on customers. In the sale of dairy ingredients in Japan, the company participated in the project aimed at reducing the inventory of domestically produced dairy products and actively engaged in the sale of these products in addition to imported food products. As a result, sales volume for the group as a whole increased, primarily in mainstay businesses. Further, selling prices increased owing to rising international market prices of products the company handles, and yen continued to weaken, resulting in a 32.6% YoY increase in sales.

In Asia, sales to the Chinese market declined due to the impact of lockdowns in Shanghai and surrounding regions, but in Southeast Asia dairy product sales held firm, as economic activity picked up as the pandemic wound down and COVID-related restrictions, including entry bans on foreign visitors, were eased. Further, in 1H, performance in Asia benefited from export sales of skim milk powder produced in Japan as part of a special effort to adjust Japan's dairy product inventories, leading to an increase in sales volume in the dairy ingredient sales business.

Operating profit up 22.0% YoY: Cost of goods sold rose 33.6% YoY, and while the gross profit margin fell 0.7pp YoY to 5.7%, gross profit rose 17.2% YoY. Operating profit grew 22.0% YoY, but operating profit margin fell 0.2pp YoY to 2.7%. The decline in operating profit margin was due to a change in transport method from sea to air caused by shipping schedule delays for some transactions in the domestic Dairy Ingredients and Cheese business, and higher prices of raw materials necessary for cheese manufacturing in the Asia Business (cheese manufacturing).

Ordinary income up 17.9% YoY: While the company recorded foreign exchange gains of JPY0.3mn in 1H FY11/21, it recorded foreign exchange losses of JPY54mn in 1H FY11/22. Excluding the JPY41mn negative impact from the shift in foreign exchange rates during 1H, ordinary income would have come in at JPY1.7bn for a 16.0% increase over the comparable figure of JPY1.5bn in 1H FY11/21.

* In order to avoid taking on exchange rate risk in the course of regular business transactions, as a rule the company enters into forward exchange contracts to cover the cost of the purchases made in foreign currencies at the time the contract is signed. Meanwhile, regarding the accounting treatment of the purchase transaction, procurement (purchase) is recorded at the time of shipment, which creates a lag from the point in time the purchase contract is signed. If the yen strengthens during that timeframe, the exchange rate will be lower than the forward rate at purchase and the actual cost of the goods will be lower than the cost based on forward exchange rate secured at the time the contract was concluded. Lacto Japan calculates its gross profit using the cost of goods sold based on the forward exchange rate at the time the goods were purchased, and records a forex hedging loss under non-operating expenses as a foreign exchange loss.

Breakdown by business category

Dairy Ingredients and Cheese

In 1H FY11/22, sales were JPY47.2bn (+27.7% YoY) and total sales volumes were 96,454 tons (+4.8% YoY).

In dairy ingredients, sales volume held firm supported by a recovery in the restaurant and leisure industries. Meanwhile, the inventory of domestically produced skim milk powder reached a record high of 100,000 tons in April 2022 due to favorable domestic milk production volume, primarily in Hokkaido, and accordingly, the volume of imported dairy products purchased by ALIC in import tenders was at a low level. Further, due to rising international market prices and a weaker yen, the difference between the prices of imported and domestically produced dairy ingredients narrowed, prompting replacement of some imported products with domestic products. The company actively participated in the project aimed at adjusting the inventory level of domestically produced skim milk powder, and pushed forward with

efforts to sell these products as a replacement for imported products and feed ingredients. Further, sales of imported dairy ingredients, which the company also sells in Asia (excl. Japan), to beverage manufacturers increased, and sales of some products that are not affected by domestic inventory levels to major dairy manufacturers recovered.

In the cheese industry, sales were strong owing to a recovery in demand for commercial products. Cheese differs from skim milk powder and butter in that it is only marginally affected by an excess inventory of domestic dairy products, and procurement demand for imported cheese ingredients increased. At the same time, due to continued shipping schedule delays, inquiries from some food manufacturers and other customers seeking to secure cheese supply in advance increased. The company supplied ingredients in a timely manner to satisfy customer needs, and this led to growth in sales volume and value.

Meat Product Ingredients

In 1H FY11/22, sales were JPY7.2bn (+6.7% YoY) and total sales volumes were 12,096 tons (-3.7% YoY).

In the Meat Product Ingredients business, sales of mainstay chilled pork to mass retailers in particular were robust. In 1H, sales of meat products such as bacon, dry-cured ham, and salami recovered owing to increased commercial demand from the restaurant industry among others as COVID-related restrictions were eased. However, sales of ingredients for processed pork, ham, and sausages lagged. Production plants in the US, a major producer of meat products, continued to face labor shortages caused by a surge in demand accompanying a recovery from the pandemic. Conditions were more or less the same at the company's main business partner in the US with whom it had maintained favorable relations over many years, with production of products for the Japanese market, which require detailed processing to meet Japanese consumer demand, delayed and the company unable to secure expected volume of supplies. As a result, sales volume fell.

Asia Business and Other

In 1H FY11/22, sales were JPY15.4bn (+72.1% YoY).

In 1H, demand for dairy products began to recover in Asia as well, as COVID-related restrictions were eased and countries in the region began accepting foreign tourists again.

Dairy ingredient sales (wholesaling)

Sales were JPY12.3bn (+80.3% YoY) and sales volumes were 26,549 tons (+17.0% YoY).

Sales to Asian countries were steady, especially to local customers (local food manufacturers and Japanese companies operating in Asia). Sales volume increased 17.0% YoY, due to higher sales of dairy ingredients for the Japanese market supported by a recovery in commercial demand, and steady sales of skim milk powder produced in Japan in efforts to reduce Japan's excess inventory. Sales were up 80.3% YoY, thanks to a weaker yen in addition to an increase in selling prices against a backdrop of rising international market prices for dairy products.

Cheese manufacturing and sales

Sales were JPY1.8bn (+8.2% YoY) and sales volumes were 2,336 tons (+0.1% YoY).

Sales to the Chinese market declined due to the impact of lockdowns in Shanghai and surrounding regions. In Singapore and Malaysia, where the local economy steadily recovered from the impact of the pandemic, sales of commercial products, including those for the restaurant industry, grew. Revision of selling prices to pass on the hike in raw material prices, which the cheese manufacturing and sales business has worked on since December 2021, largely progressed in line with plan. This, in addition to selling price increases introduced since April 2022 and yen depreciation, led to 8.2% YoY growth in sales.

Other businesses

Sales in the functional food ingredients business, which Lacto Japan started in FY11/20 and has categorized as a new growth business, made steady progress. Sales of milk-derived whey protein ingredients, key products of the business, grew, mainly in the sports nutrition industry. Since the outbreak of the pandemic, demand for whey protein ingredients has remained high owing to increased health awareness, and inquiries from both existing and new customers increased, subsequently leading to growth in transactions. The company plans to increase procurement of whey protein ingredients from a key supplier it has worked with for many years in the dairy product import business, and roll out multi-faceted, proposal-based sales activities for whey protein and other functional food ingredients in the aim of developing new markets and increasing its market share.

Company forecast for full-year FY11/22

Revised earnings forecast for the full-year FY11/22

- ▶ Sales: JPY140.0bn (+26.3% YoY; previous forecast: JPY126.0bn)
- ▶ Ordinary income: JPY3.1bn (+15.6% YoY; JPY2.9bn)
- ▶ Net income: JPY2.3bn (+14.8% YoY; JPY2.1bn)
- ▶ EPS: JPY227.94 (JPY198.73 in FY11/21; JPY212.95)
- ▶ DPS: JPY37.00 (JPY32.00; JPY37.00)

The company upgraded its earnings forecast for the full-year FY11/22 on July 5, 2022. As for reasons for the upward revision, the company said that it expected international market prices for dairy and meat products to continue rising and yen to remain weak in 2H as was the case in 1H, and that it anticipated a recovery in commercial demand in particular for food products in general.

Company outlook for near-term business environment

- ▶ Dairy Ingredients and Cheese: Domestically produced skim milk powder inventory continued to be in excess as domestic milk production volume held firm. The company plans to keep focusing on sales of domestically produced skim milk powder to help reduce inventories. It also noted that milk production in major overseas production areas is sluggish, and that rising material and energy prices are driving up dairy farming costs, making a significant recovery in production unlikely. On the other hand, international market prices for dairy products are expected to remain high in the near term, as demand in Western countries is recovering due to policies aimed at living with COVID-19. The company believes it is in an environment where it can better leverage its diverse supply chain and full lineup of dairy products amid soaring dairy market prices and ongoing logistics delays.
- ▶ Meat Product Ingredients: The company noted that a decline in supply capacity at meat processing plants for both pork and beef, and the resulting increase in international prices, is a cause for concern. In addition, the company expects shipping schedule delays to continue for the foreseeable future. Although the company is making good progress in cultivating new customers for new products such as beef and honey, it is concerned that rising import prices, the weak yen, and its potential inability to secure products may become bottlenecks.
- ▶ Asia Business (dairy ingredient sales): In Japan, the company expects weak sales of dairy ingredients in the near term. However, it expects the sale of domestically produced dairy products in efforts to reduce Japan's skim milk powder inventories will contribute to earnings in 2H, as they did in 1H.
- ▶ Asia Business (cheese manufacturing and sales): Inquiries regarding sales to the Chinese market are increasing after lockdown measures were lifted, and the company expects a recovery in sales in the country. The company will

continue negotiating prices with suppliers as it expects raw material and energy prices to continue rising. The company is also developing new products to meet market needs. It plans to introduce vegan cheese made from plant-derived ingredients in FY11/22.

Financial position

- ▶ Current assets totaled JPY58.6bn, up JPY8.6bn versus end-FY11/21. The increase is mainly attributable to a JPY4.2bn increase in merchandise and finished goods and a JPY1.2bn rise in notes and accounts receivable.
- ▶ Fixed assets of JPY2.8bn were down JPY100mn versus end-FY11/21, stemming largely from a JPY166mn decrease in investments and other assets.
- ▶ Current liabilities stood at JPY32.9bn, up JPY5.4bn versus end-FY11/21, with most of this increase coming as a result of a JPY2.4bn increase in accounts payable as well as a JPY1.0bn increase in commercial papers and a JPY1.4bn increase in short-term borrowings due to an increase in working capital. Fixed liabilities of JPY6.6bn were up JPY779mn versus end-FY11/21, primarily reflecting a JPY740mn increase in long-term borrowings.
- ▶ Net assets totaled JPY21.9bn, up JPY2.3bn versus end-FY11/21, due mainly to increases of JPY891mn in retained earnings, JPY759mn in deferred hedge gains, and JPY656mn in foreign currency translation adjustments.

Quarterly (cumulative) earnings

Cumulative (JPYmn)	FY11/20				FY11/21				FY11/22		FY11/22	
	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	% of Est.	Est.
Sales	28,222	57,912	85,065	110,838	23,994	52,648	79,630	110,884	31,755	69,788	49.8%	140,000
YoY	1.2%	0.3%	-2.8%	-5.1%	-15.0%	-9.1%	-6.4%	0.0%	32.3%	32.6%		26.3%
Dairy Ingredients and Cheese	20,061	39,927	59,925	78,330	17,090	36,952	54,996	76,481	22,024	47,202	48.6%	97,200
YoY	-5.0%	-6.4%	-7.5%	-8.1%	-14.8%	-7.5%	-8.2%	-2.4%	28.9%	27.7%		27.1%
% of sales	71.1%	68.9%	70.4%	70.7%	71.2%	70.2%	69.1%	69.0%	69.4%	67.6%		
Meat Product Ingredients	2,900	6,107	8,781	11,895	3,116	6,769	10,380	14,278	3,530	7,221	52.7%	13,700
YoY	-1.4%	0.0%	-5.5%	-3.1%	7.4%	10.8%	18.2%	20.0%	13.3%	6.7%		-4.0%
% of sales	10.3%	10.5%	10.3%	10.7%	13.0%	12.9%	13.0%	12.9%	11.1%	10.3%		9.8%
Asia Business: dairy ingredients	4,411	10,138	13,752	17,025	2,829	6,809	11,111	15,754	4,783	12,279	53.4%	23,000
YoY	47.4%	38.8%	24.9%	6.2%	-35.9%	-32.8%	-19.2%	-7.5%	69.1%	80.3%		46.0%
% of sales	15.6%	17.5%	16.2%	15.4%	11.8%	12.9%	14.0%	14.2%	15.1%	17.6%		16.4%
Asia Business: cheese	680	1,352	2,036	2,895	801	1,689	2,428	3,324	935	1,827	45.7%	4,000
YoY	3.3%	5.3%	3.7%	9.2%	17.9%	24.9%	19.3%	14.8%	16.7%	8.2%		20.3%
% of sales	2.4%	2.3%	2.4%	2.6%	3.3%	3.2%	3.0%	3.0%	2.9%	2.6%		2.9%
Other	168	386	570	691	156	428	712	1,044	481	1,258	59.9%	2,100
YoY	-8.7%	11.9%	20.5%	9.7%	-7.1%	10.9%	24.9%	51.1%	208.3%	193.9%		101.1%
% of sales	0.6%	0.7%	0.7%	0.6%	0.7%	0.8%	0.9%	0.9%	1.5%	1.8%		1.5%
Sales volume (tons)												
Dairy Ingredients and Cheese	49,413	98,294	145,534	191,575	43,141	91,993	135,032	184,358	46,731	96,454	48.4%	199,200
YoY	-0.7%	-1.8%	-4.9%	-6.1%	-12.7%	-6.4%	-7.2%	-3.8%	8.3%	4.8%		8.1%
Meat Product Ingredients	5,220	11,453	16,143	21,925	5,736	12,567	19,013	25,699	6,004	12,096	48.8%	24,800
YoY	4.7%	9.0%	-1.1%	1.8%	9.9%	9.7%	17.8%	17.2%	4.7%	-3.7%		-3.5%
Asia Business: dairy ingredients	14,676	34,921	48,281	60,159	9,918	22,690	34,546	47,817	11,397	26,549	50.1%	53,000
YoY	29.9%	25.2%	15.7%	0.4%	-32.4%	-35.0%	-28.4%	-20.5%	14.9%	17.0%		10.8%
Asia Business: cheese	1,014	1,983	2,949	4,197	1,120	2,334	3,355	4,635	1,253	2,336	46.7%	5,000
YoY	16.0%	9.9%	7.9%	12.3%	10.5%	17.7%	13.8%	10.4%	11.9%	0.1%		7.9%
Average price (JPY/kg)												
Dairy Ingredients and Cheese	406	406	412	409	396	402	407	415	471	489		
YoY	-4.3%	-4.7%	-2.8%	-2.1%	-2.4%	-1.1%	-1.1%	1.5%	19.0%	21.8%		
Meat Product Ingredients	556	533	544	543	543	539	546	556	588	597		
YoY	-5.8%	-8.2%	-4.5%	-4.9%	-2.2%	1.0%	0.4%	2.4%	8.2%	10.8%		
Asia Business: dairy ingredients	301	290	285	283	285	300	322	329	420	463		
YoY	13.5%	10.9%	8.0%	5.8%	-5.1%	3.4%	12.9%	16.4%	47.1%	54.1%		
Asia Business: cheese	671	682	690	690	715	724	724	717	746	782		
YoY	-10.9%	-4.2%	-3.9%	-2.8%	6.6%	6.1%	4.8%	4.0%	4.3%	8.1%		
CoGS	26,535	54,505	79,981	104,211	22,316	49,274	74,599	104,243	30,033	65,832		
YoY	0.8%	0.3%	-2.9%	-5.3%	-15.9%	-9.6%	-6.7%	0.0%	34.6%	33.6%		
CoGS ratio	94.0%	94.1%	94.0%	94.0%	93.0%	93.6%	93.7%	94.0%	94.6%	94.3%		
Gross profit	1,686	3,407	5,084	6,626	1,678	3,375	5,032	6,641	1,722	3,956		
YoY	7.6%	1.2%	-1.3%	-2.6%	-0.5%	-1.0%	-1.0%	0.2%	2.6%	17.2%		
GPM	6.0%	5.9%	6.0%	6.0%	7.0%	6.4%	6.3%	6.0%	5.4%	5.7%		
SG&A expenses	922	1,826	2,709	3,667	865	1,844	2,786	3,854	982	2,088		
YoY	10.9%	3.9%	1.8%	0.3%	-6.2%	1.0%	2.9%	5.1%	13.5%	13.2%		
SG&A ratio	3.3%	3.2%	3.2%	3.3%	3.6%	3.5%	3.5%	3.5%	3.1%	3.0%		
Operating profit	764	1,581	2,375	2,959	813	1,530	2,245	2,787	740	1,868		
YoY	3.8%	-1.7%	-4.6%	-5.9%	6.4%	-3.2%	-5.5%	-5.8%	-9.0%	22.0%		
OPM	2.7%	2.7%	2.8%	2.7%	3.4%	2.9%	2.8%	2.5%	2.3%	2.7%		
Gains (losses) on foreign exchange	15	-39	-21	3	50	0	123	81	7	0		
YoY	-	-	-	-	224.7%	-	-	2,325.6%	-86.2%	-		
% of sales	0.1%	-0.1%	-0.0%	0.0%	0.2%	0.0%	0.2%	0.1%	0.0%	0.0%		
OP + Gains (losses) on forex	780	1,542	2,354	2,962	863	1,531	2,369	2,868	747	1,868		
YoY	25.7%	8.4%	2.2%	-2.2%	10.7%	-0.8%	0.6%	-3.2%	-13.5%	22.0%		
% of sales	2.8%	2.7%	2.8%	2.7%	3.6%	2.9%	3.0%	2.6%	2.4%	2.7%		
Ordinary income	753	1,434	2,209	2,781	737	1,412	2,213	2,682	719	1,665	53.7%	3,100
YoY	40.6%	14.5%	5.8%	1.2%	-2.1%	-1.5%	0.2%	-3.6%	-2.5%	17.9%		15.6%
Profit margin	2.7%	2.5%	2.6%	2.5%	3.1%	2.7%	2.8%	2.4%	2.3%	2.4%		2.2%
Net income	546	1,040	1,608	2,062	527	1,011	1,601	1,959	524	1,207	53.7%	2,250
YoY	45.3%	17.2%	7.9%	5.1%	-3.4%	-2.8%	-0.4%	-5.0%	-0.6%	19.4%		14.8%
Net margin	1.9%	1.8%	1.9%	1.9%	2.2%	1.9%	2.0%	1.8%	1.6%	1.7%		1.6%
Foreign exchange												
USD/JPY	109.53	108.55	107.97	107.27	104.30	106.65	107.80	108.97	114.65	119.55		
EUR/JPY	120.87	119.33	120.52	121.40	126.62	128.73	129.43	129.68	129.77	132.11		

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1mn are rounded down in materials released by the company).

Quarterly earnings (three months)

Quarterly (JPYmn)	FY11/20				FY11/21				FY11/22	
	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.	Q3 Cons.	Q4 Cons.	Q1 Cons.	Q2 Cons.
Sales	28,222	29,690	27,153	25,773	23,994	28,654	26,982	31,253	31,755	38,033
YoY	1.2%	-0.5%	-9.0%	-11.9%	-15.0%	-3.5%	-0.6%	21.3%	32.3%	32.7%
CoGS	26,535	27,969	25,476	24,231	22,316	26,957	25,325	29,644	30,033	35,799
YoY	0.8%	-0.2%	-9.1%	-12.2%	-15.9%	-3.6%	-0.6%	22.3%	34.6%	32.8%
CoGS ratio	94.0%	94.2%	93.8%	94.0%	93.0%	94.1%	93.9%	94.9%	94.6%	94.1%
Gross profit	1,686	1,721	1,677	1,542	1,678	1,697	1,657	1,609	1,722	2,234
YoY	7.6%	-4.3%	-6.0%	-6.6%	-0.5%	-1.4%	-1.2%	4.3%	2.6%	31.6%
GPM	6.0%	5.8%	6.2%	6.0%	7.0%	5.9%	6.1%	5.1%	5.4%	5.9%
SG&A expenses	922	904	883	958	865	979	942	1,067	982	1,106
YoY	10.9%	-2.4%	-2.2%	-3.8%	-6.2%	8.3%	6.7%	11.4%	13.5%	13.0%
SG&A ratio	3.3%	3.0%	3.3%	3.7%	3.6%	3.4%	3.5%	3.4%	3.1%	2.9%
Operating profit	764	817	794	584	813	717	715	542	740	1,127
YoY	3.8%	-6.3%	-10.0%	-10.8%	6.4%	-12.2%	-9.9%	-7.2%	-9.0%	57.1%
OPM	2.7%	2.8%	2.9%	2.3%	3.4%	2.5%	2.6%	1.7%	2.3%	3.0%
Gains (losses) on foreign exchange	15.5	-54	18	24	50.3	-50	123	-43	7.0	-7
YoY	-	-	-	-66.5%	224.7%	-	580.0%	-	-86.2%	-
% of sales	0.1%	-0.2%	0.1%	0.1%	0.2%	-0.2%	0.5%	-0.1%	0.0%	-0.0%
OP + Gains (losses) on forex	780	762	812	608	863	667	838	499	747	1,120
YoY	25.7%	-5.0%	-7.8%	-16.3%	10.7%	-12.5%	3.3%	-18.0%	-13.5%	67.9%
% of sales	2.8%	2.6%	3.0%	2.4%	3.6%	2.3%	3.1%	1.6%	2.4%	2.9%
Ordinary income	753	680	775	572	737	675	801	469	719	947
YoY	40.6%	-5.1%	-7.1%	-13.3%	-2.1%	-0.8%	3.3%	-18.1%	-2.5%	40.2%
Profit margin	2.7%	2.3%	2.9%	2.2%	3.1%	2.4%	3.0%	1.5%	2.3%	2.5%
Net income	546	495	567	455	527	484	590	358	524	684
YoY	45.3%	-3.4%	-5.9%	-3.9%	-3.4%	-2.2%	4.0%	-21.2%	-0.6%	41.3%
Net margin	1.9%	1.7%	2.1%	1.8%	2.2%	1.7%	2.2%	1.1%	1.6%	1.8%

Source: Shared Research based on company data

Note: Figures rounded to the nearest million yen (amounts less than JPY1 mn are rounded down in materials released by the company).

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