

Lacto Japan | 3139 |

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On July 13, 2021, Lacto Japan Co., Ltd. announced earnings results for 1H FY11/21.

| | | 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 | Est. Cons. | 115,000 | 3.8% | - | - | 2,810 | 1.1% | 2,010 | -2.5% | 204.11 | - | - | - |

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).

1H FY11/21 results

Summary

In 1H FY11/21, the company reported consolidated sales of JPY52.6bn (-9.1% YoY), operating profit of JPY1.5bn (-3.2% YoY), ordinary income of JPY1.4bn (-1.5% YoY), and net income attributable to owners of the parent of JPY1.0bn (-2.8% YoY).

At the time of its Q2 results announcement, the company revised its full-year forecast for FY11/21, leaving its estimate for sales unchanged while raising its estimates for ordinary income to JPY2.8bn (+1.1% YoY) and net income to JPY2.0bn (-2.5% YoY). Compared with this revised forecast, sales in 1H reached 45.8% of the full-year target (1H FY11/20 sales were 52.2% of the full-year FY11/20 result), while ordinary income reached 50.3% (51.6%) and net income 50.3% (50.5%).

The ongoing fallout from the COVID-19 pandemic has made for a tough operating environment both in Japan and other Asian countries, especially in the dairy ingredients business. In July 2021, the Japanese government issued a fourth state of emergency declaration in Tokyo, and the outlook continues to remain clouded. In the domestic food industry, demand for ingredients for home-cooked meals was holding up well, but YoY comparisons are difficult owing to the surge in demand in 2020 that was spurred by stay-at-home consumption. Meanwhile, demand for food ingredients for commercial use remained weak, as business activities have been slow to recover in the restaurant, leisure, and other industries. In its mainstay dairy ingredients business, the progress of working off excess inventories of domestic dairy products was slower than expected. This was due to steady production of raw milk in Japan, in addition to weak demand on the commercial-use side. This in turn limited the volume of government-controlled import product categories (such as butter and skim milk powder) made available for bidding.

Against this backdrop, in Japan the company focused on procurement and sales of high-quality and cost-competitive products both in its Dairy Ingredients and Cheese category and Meat Products category. It also expanded its lineup of new products. In the Asia Business, where generating sufficient sales volumes, the company was able to increase sales volumes at its cheese manufacturing and sales operations with the help of rising demand in China—where the economy is

on the mend—and also elsewhere in Asia where the pandemic remains problematic but the company successfully shifted its focus toward products for home cooking and consumption.

Sales down 9.1% YoY: Hurt by the ongoing impact from the pandemic, sales in the dairy ingredients business finished down both in Japan and other Asian countries. Sales grew 10.8% YoY in the Meat Products category. This compares with the 7.5% YoY decline in sales in the Dairy Ingredients and Cheese category and the 26.2% YoY drop in sales in the Asia Business.

Operating profit down 3.2% YoY: Cost of goods sold declined 9.6% YoY, and the gross profit margin rose 0.5pp YoY to 6.4%. SG&A expenses grew 1.0% YoY, resulting a 0.3pp rise in the SG&A expense ratio to 3.5%. While operating profit fell 3.2% YoY, the operating profit margin was up 0.2pp YoY to 2.9%.

Ordinary income down 1.5% YoY: While the company recorded foreign exchange losses of JPY39mn in 1H FY11/20, it recorded foreign exchange gains of JPY0.3mn in 1H FY11/21. Excluding the JPY59mn drag on profit from the shift in foreign exchange rates during 1H, ordinary income would have come in at JPY1,471mn (versus the unadjusted figure of JPY1,412mn) for a 3.9% increase over the comparable figure of JPY1,416mn in 1H FY11/20.

* 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 FY11/21, sales were JPY37.0bn (-7.5% YoY) and total sales volumes were 91,993 tons (-6.4% YoY).

In the dairy ingredients business, the long shadow of the pandemic weighed on domestic demand (especially from commercial users in the restaurant and leisure industries). In addition, with steady milk production, inventory levels of domestic dairy ingredients remained high. As a result, the amount of dairy product imports made available for bidding (such as skim milk powder and butter) decreased. However, in response to the government's supply/demand mitigation program aimed at bringing down the elevated inventory levels, the company expanded its use of domestic dairy ingredients and maintained its sales volume.

In the cheese business, the ongoing slump in demand for commercial-use products (especially in the hotel and other leisure industries) led to lower volumes of imported cheese. Still, the company managed to offset the decline in sales to restaurants thanks to strong sales of cheese for consumer products.

Meat Products

In 1H FY11/21, sales were JPY6.8bn (+10.8% YoY) and total sales volumes were 12,567 tons (+9.7% YoY).

During 1H, pork prices on international markets were on the rise, driven by rising demand for pork primarily from China. The company expanded its sales volume by stably sourcing competitively priced meat products from suppliers overseas,

especially from its long-time suppliers in the US. On the other hand, sales of processed meat products such as dry-cured ham and salami were slow due to the slump in demand from commercial users.

In contrast, outside of the commercial market the company saw strong sales of chilled pork sold for in-house consumption via supermarkets and other high-volume retailers, as well as frozen pork and other pork products that go into making processed meat products (such as hams and sausages). Sales of beef—for which the company began full-fledged marketing in 2020—were also strong.

Asia Business and other

In 1H FY11/21, sales were JPY8.9bn (-24.8% YoY).

Dairy ingredient sales (wholesaling)

Sales were JPY6.8bn (-32.8% YoY) and sales volumes were 22,690 tons (-35.0% YoY).

Sales of prepared dairy mixtures bound for Japan were weak, owing to elevated inventory levels of domestic dairy ingredients. Sales were further depressed by slumps in volumes sold in Indonesia, the Philippines, and other countries where sales volumes had been high before the outbreak of COVID-19. In response, the company has developed new sales channels primarily in China and Taiwan, with an eye toward sales expansion once the pandemic comes to an end.

Cheese manufacturing and sales

Sales were JPY1.7bn (+24.9% YoY) and sales volumes were 2,334 tons (+17.6% YoY).

Cheese sales were robust in China. In addition, sales of cheese for use in frozen foods and other consumer products were strong in countries such as Malaysia and Thailand despite ongoing outbreak of COVID-19. The cheese manufacturing and sales operations also reported higher profit margins, thanks in part to rising factory utilization rates at its cheese processing plants in Singapore and Thailand.

Other businesses: Lacto Japan started a functional food ingredients business in FY11/20. In 1H FY11/21, sales of dairy proteins for use in sports nutrition products grew.

Company outlook for near-term business environment

- ▶ Dairy Ingredients and Cheese: With domestic demand still looking weak and inventory levels of domestic dairy products likely to remain elevated for longer than expected, the company anticipates further declines in import volumes of skim milk powder, butter, and other dairy products made available for bidding going forward.
- ▶ Meat Products: With still no end in sight for the pandemic, the company sees domestic demand remaining weak on the commercial-use side (mainly restaurants and leisure-related businesses). On the other hand, it plans to continue building up its presence on the consumer-use side of the meat business by expanding sales to producers of household-use food products in the growing market for in-home cooking and ready-to-eat meals. Risk factors noted by the company in this area include possible supply shortages of pork and pork products at its mainstay suppliers in the US, where enhanced unemployment subsidies in the wake of the pandemic and other factors have resulted in labor shortages at many processing plants.
- ▶ Asia Business (dairy ingredient sales): The company expects weak domestic sales of imported dairy products in the near term. In Thailand, Indonesia, Malaysia, and other countries in Southeast Asia, the COVID-19 cases are still rising. Against this backdrop, the company is focusing its efforts on building up its overseas marketing team, making more

local hires in the Philippines and also seconding headquarters staff from its dairy ingredients sales department to work at local subsidiaries in China. Even through remote marketing, the company has reached out to new customers.

- ▶ Asia Business (cheese manufacturing and sales): During 2H FY11/21, the company expects to see further increases in sales of cheese products to food product manufacturers in Asia, especially those making products for the Chinese market. With the completion of the new line at its plant in Singapore, the company also expects to increase its production capacity and improve efficiency in 2H and beyond. It is developing new products to meet market needs.

Financial position

- ▶ As of end-1H FY11/21, the company's balance sheet showed current assets of JPY43.8bn, up JPY3.8bn versus end-FY11/20. The increase was driven largely by a JPY719mn increase in trade receivables and a JPY1.8bn rise in inventories. Fixed assets of JPY2.8bn were up JPY8mn versus end-FY11/20, stemming largely from a JPY5mn increase in investments and other assets.
- ▶ Current liabilities stood at JPY20.8bn, up JPY892mn versus end-FY11/20, with most of this increase coming as a result of a JPY1.4bn increase in accounts payable. Fixed liabilities of JPY7.0bn were up JPY1.2bn versus end-FY11/20, primarily reflecting a JPY1.2bn increase in long-term borrowings.
- ▶ Net assets totaled JPY18.7bn, up JPY1.1bn versus end-FY11/20. The increase is mainly attributable to increases in foreign currency translation adjustments, deferred gains on hedges, and retained earnings.

Quarterly (cumulative) earnings

| Cumulative (JPYmn) | FY11/19 | | | | FY11/20 | | | | FY11/21 | | FY11/21 | |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|---------|
| | Q1 Cons. | Q2 Cons. | Q3 Cons. | Q4 Cons. | Q1 Cons. | Q2 Cons. | Q3 Cons. | Q4 Cons. | Q1 Cons. | Q2 Cons. | % of Est. | Est. |
| Sales | 27,886 | 57,712 | 87,536 | 116,794 | 28,222 | 57,912 | 85,065 | 110,838 | 23,994 | 52,648 | 45.8% | 115,000 |
| YoY | -5.3% | -2.5% | -0.5% | 1.2% | 1.2% | 0.3% | -2.8% | -5.1% | -15.0% | -9.1% | - | 3.8% |
| Dairy Ingredients and Cheese | 21,109 | 42,675 | 64,795 | 85,206 | 20,061 | 39,927 | 59,925 | 78,330 | 17,090 | 36,952 | 45.4% | 81,470 |
| YoY | -3.9% | -2.6% | -1.3% | -0.1% | -5.0% | -6.4% | -7.5% | -8.1% | -14.8% | -7.5% | - | 4.0% |
| % of sales | 75.7% | 73.9% | 74.0% | 73.0% | 71.1% | 68.9% | 70.4% | 70.7% | 71.2% | 70.2% | - | - |
| Meat Products | 2,941 | 6,104 | 9,291 | 12,280 | 2,900 | 6,107 | 8,781 | 11,895 | 3,116 | 6,769 | 52.1% | 12,990 |
| YoY | -11.8% | -7.7% | -3.3% | -2.4% | -1.4% | 0.0% | -5.5% | -3.1% | 7.4% | 10.8% | - | 9.2% |
| % of sales | 10.5% | 10.6% | 10.6% | 10.5% | 10.3% | 10.5% | 10.3% | 10.7% | 13.0% | 12.9% | - | 11.3% |
| Asia Business and other | 3,834 | 8,932 | 13,449 | 19,307 | 5,259 | 11,876 | 16,358 | 20,611 | 3,787 | 8,926 | - | - |
| YoY | -7.6% | 2.3% | 6.2% | 9.9% | 37.2% | 33.0% | 21.6% | 6.8% | -28.0% | -24.8% | - | - |
| % of sales | 13.7% | 15.5% | 15.4% | 16.5% | 18.6% | 20.5% | 19.2% | 18.6% | 15.8% | 17.0% | - | - |
| Dairy ingredients | 2,992 | 7,303 | 11,013 | 16,026 | 4,411 | 10,138 | 13,752 | 17,025 | 2,829 | 6,809 | 43.5% | 15,640 |
| YoY | -12.9% | 0.0% | 5.6% | 9.9% | 47.4% | 38.8% | 24.9% | 6.2% | -35.9% | -32.8% | - | -8.1% |
| % of sales | 10.7% | 12.7% | 12.6% | 13.7% | 15.6% | 17.5% | 16.2% | 15.4% | 11.8% | 12.9% | - | 13.6% |
| Cheese | 658 | 1,284 | 1,963 | 2,651 | 680 | 1,352 | 2,036 | 2,895 | 801 | 1,689 | 54.1% | 3,120 |
| YoY | 31.9% | 28.8% | 26.5% | 25.3% | 3.3% | 5.3% | 3.7% | 9.2% | 17.9% | 24.9% | - | 7.8% |
| % of sales | 2.4% | 2.2% | 2.2% | 2.3% | 2.4% | 2.3% | 2.4% | 2.6% | 3.3% | 3.2% | - | 2.7% |
| Other | 184 | 345 | 473 | 630 | 168 | 386 | 570 | 691 | 156 | 428 | - | - |
| YoY | -14.8% | -20.9% | -30.8% | -28.2% | -8.7% | 11.9% | 20.5% | 9.7% | -7.1% | 10.9% | - | - |
| % of sales | 0.7% | 0.6% | 0.5% | 0.5% | 0.6% | 0.7% | 0.7% | 0.6% | 0.7% | 0.8% | - | - |
| < Sales volume (tons)> | | | | | | | | | | | | |
| Dairy Ingredients and Cheese | 49,784 | 100,139 | 152,953 | 204,105 | 49,413 | 98,294 | 145,534 | 191,575 | 43,141 | 91,993 | 47.8% | 192,431 |
| YoY | -7.0% | -3.9% | -0.9% | 2.9% | -0.7% | -1.8% | -4.9% | -6.1% | -12.7% | -6.4% | - | 0.4% |
| Meat Products | 4,985 | 10,511 | 16,317 | 21,532 | 5,220 | 11,453 | 16,143 | 21,925 | 5,736 | 12,567 | 49.8% | 25,210 |
| YoY | -13.9% | -7.5% | -1.1% | -0.3% | 4.7% | 9.0% | -1.1% | 1.8% | 9.9% | 9.7% | - | 15.0% |
| Asia Business: dairy ingredients | 11,298 | 27,892 | 41,746 | 59,925 | 14,676 | 34,921 | 48,281 | 60,159 | 9,918 | 22,690 | 42.9% | 52,920 |
| YoY | -5.7% | 5.5% | 8.7% | 13.4% | 29.9% | 25.2% | 15.7% | 0.4% | -32.4% | -35.0% | - | -12.0% |
| Asia Business: cheese | 874 | 1,804 | 2,732 | 3,737 | 1,014 | 1,983 | 2,949 | 4,197 | 1,120 | 2,334 | 50.8% | 4,593 |
| YoY | 35.8% | 40.0% | 40.1% | 40.1% | 16.0% | 9.9% | 7.9% | 12.3% | 10.5% | 17.6% | - | 9.4% |
| < Average price (JPY/kg) > | | | | | | | | | | | | |
| Dairy Ingredients and Cheese | 424 | 426 | 424 | 417 | 406 | 406 | 412 | 409 | 396 | 402 | - | - |
| YoY | 3.3% | 1.3% | -0.4% | -2.9% | -4.3% | -4.7% | -2.8% | -2.1% | -2.4% | -1.1% | - | - |
| Meat products | 590 | 581 | 569 | 570 | 556 | 533 | 544 | 543 | 543 | 539 | - | - |
| YoY | 2.3% | -0.2% | -2.2% | -2.1% | -5.8% | -8.2% | -4.5% | -4.9% | -2.2% | 1.0% | - | - |
| Asia Business: dairy ingredients | 265 | 262 | 264 | 267 | 301 | 290 | 285 | 283 | 285 | 300 | - | - |
| YoY | -7.7% | -5.2% | -2.9% | -3.1% | 13.5% | 10.9% | 8.0% | 5.8% | -5.1% | 3.4% | - | - |
| Asia Business: cheese | 753 | 712 | 719 | 709 | 671 | 682 | 690 | 690 | 715 | 724 | - | - |
| YoY | -3.0% | -8.0% | -9.7% | -10.6% | -10.9% | -4.2% | -3.9% | -2.8% | 6.6% | 6.1% | - | - |
| CoGS | 26,319 | 54,347 | 82,387 | 109,994 | 26,535 | 54,505 | 79,981 | 104,211 | 22,316 | 49,274 | - | - |
| YoY | -5.8% | -3.0% | -0.7% | 1.0% | 0.8% | 0.3% | -2.9% | -5.3% | -15.9% | -9.6% | - | - |
| CoGS ratio | 94.4% | 94.2% | 94.1% | 94.2% | 94.0% | 94.1% | 94.0% | 94.0% | 93.0% | 93.6% | - | - |
| Gross profit | 1,567 | 3,365 | 5,149 | 6,801 | 1,686 | 3,407 | 5,084 | 6,626 | 1,678 | 3,375 | - | - |
| YoY | 3.1% | 7.3% | 4.2% | 4.4% | 7.6% | 1.2% | -1.3% | -2.6% | -0.5% | -1.0% | - | - |
| GPM | 5.6% | 5.8% | 5.9% | 5.8% | 6.0% | 5.9% | 6.0% | 6.0% | 7.0% | 6.4% | - | - |
| SG&A expenses | 831 | 1,757 | 2,660 | 3,656 | 922 | 1,826 | 2,709 | 3,667 | 865 | 1,844 | - | - |
| YoY | 10.4% | 6.0% | 3.6% | 4.4% | 10.9% | 3.9% | 1.8% | 0.3% | -6.2% | 1.0% | - | - |
| SG&A ratio | 3.0% | 3.0% | 3.0% | 3.1% | 3.3% | 3.2% | 3.2% | 3.3% | 3.6% | 3.5% | - | - |
| Operating profit | 736 | 1,608 | 2,490 | 3,144 | 764 | 1,581 | 2,375 | 2,959 | 813 | 1,530 | - | - |
| YoY | -4.0% | 8.7% | 4.9% | 4.5% | 3.8% | -1.7% | -4.6% | -5.9% | 6.4% | -3.2% | - | - |
| OPM | 2.6% | 2.8% | 2.8% | 2.7% | 2.7% | 2.7% | 2.8% | 2.7% | 3.4% | 2.9% | - | - |
| Gains (losses) on foreign exchange | -116 | -185 | -186 | -114 | 15 | -39 | -21 | 3 | 50 | 0 | - | - |
| YoY | - | - | - | - | - | - | - | - | 224.7% | - | - | - |
| % of sales | -0.4% | -0.3% | -0.2% | -0.1% | 0.1% | -0.1% | 0.0% | 0.0% | 0.2% | 0.0% | - | - |
| OP + Gains (losses) on forex | 620 | 1,423 | 2,303 | 3,030 | 780 | 1,542 | 2,354 | 2,962 | 863 | 1,531 | - | - |
| YoY | -22.9% | 12.8% | 8.8% | 5.4% | 25.7% | 8.4% | 2.2% | -2.2% | 10.7% | -0.8% | - | - |
| % of sales | 2.2% | 2.5% | 2.6% | 2.6% | 2.8% | 2.7% | 2.8% | 2.7% | 3.6% | 2.9% | - | - |
| Ordinary income | 536 | 1,253 | 2,087 | 2,747 | 753 | 1,434 | 2,209 | 2,781 | 737 | 1,412 | 50.3% | 2,810 |
| YoY | -28.2% | 10.5% | 8.4% | 5.1% | 40.6% | 14.5% | 5.8% | 1.2% | -2.1% | -1.5% | - | 1.1% |
| Profit margin | 1.9% | 2.2% | 2.4% | 2.4% | 2.7% | 2.5% | 2.6% | 2.5% | 3.1% | 2.7% | - | 2.4% |
| Net income | 376 | 888 | 1,490 | 1,963 | 546 | 1,040 | 1,608 | 2,062 | 527 | 1,011 | 50.3% | 2,010 |
| YoY | -23.8% | 20.5% | 15.4% | 10.0% | 45.3% | 17.2% | 7.9% | 5.1% | -3.4% | -2.8% | - | -2.5% |
| Net margin | 1.3% | 1.5% | 1.7% | 1.7% | 1.9% | 1.8% | 1.9% | 1.9% | 2.2% | 1.9% | - | 1.7% |

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) | FY11/19 | | | | FY11/20 | | | | FY11/21 | |
|------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Q1 Cons. | Q2 Cons. | Q3 Cons. | Q4 Cons. | Q1 Cons. | Q2 Cons. | Q3 Cons. | Q4 Cons. | Q1 Cons. | Q2 Cons. |
| Sales | 27,886 | 29,826 | 29,824 | 29,258 | 28,222 | 29,690 | 27,153 | 25,773 | 23,994 | 28,654 |
| YoY | -5.3% | 0.4% | 3.6% | 6.4% | 1.2% | -0.5% | -9.0% | -11.9% | -15.0% | -3.5% |
| CoGS | 26,319 | 28,028 | 28,040 | 27,607 | 26,535 | 27,969 | 25,476 | 24,231 | 22,316 | 26,957 |
| YoY | -5.8% | -0.2% | 4.0% | 6.5% | 0.8% | -0.2% | -9.1% | -12.2% | -15.9% | -3.6% |
| CoGS ratio | 94.4% | 94.0% | 94.0% | 94.4% | 94.0% | 94.2% | 93.8% | 94.0% | 93.0% | 94.1% |
| Gross profit | 1,567 | 1,798 | 1,784 | 1,651 | 1,686 | 1,721 | 1,677 | 1,542 | 1,678 | 1,697 |
| YoY | 3.1% | 11.1% | -1.1% | 5.2% | 7.6% | -4.3% | -6.0% | -6.6% | -0.5% | -1.4% |
| GPM | 5.6% | 6.0% | 6.0% | 5.6% | 6.0% | 5.8% | 6.2% | 6.0% | 7.0% | 5.9% |
| SG&A expenses | 831 | 926 | 903 | 997 | 922 | 904 | 883 | 958 | 865 | 979 |
| YoY | 10.4% | 2.3% | -0.9% | 6.7% | 10.9% | -2.4% | -2.2% | -3.8% | -6.2% | 8.3% |
| SG&A ratio | 3.0% | 3.1% | 3.0% | 3.4% | 3.3% | 3.0% | 3.3% | 3.7% | 3.6% | 3.4% |
| Operating profit | 736 | 872 | 882 | 655 | 764 | 817 | 794 | 584 | 813 | 717 |
| YoY | -4.0% | 22.3% | -1.4% | 3.1% | 3.8% | -6.3% | -10.0% | -10.8% | 6.4% | -12.2% |
| OPM | 2.6% | 2.9% | 3.0% | 2.2% | 2.7% | 2.8% | 2.9% | 2.3% | 3.4% | 2.5% |
| Gains (losses) on foreign exchange | -116 | -69 | -1 | 72 | 15 | -54 | 18 | 24 | 50 | -50 |
| YoY | - | - | - | -40.3% | - | - | - | -66.5% | 224.7% | - |
| % of sales | -0.4% | -0.2% | 0.0% | 0.2% | 0.1% | -0.2% | 0.1% | 0.1% | 0.2% | -0.2% |
| OP + Gains (losses) on forex | 620 | 802 | 881 | 727 | 780 | 762 | 812 | 608 | 863 | 667 |
| YoY | -22.9% | 75.9% | 2.7% | -3.9% | 25.7% | -5.0% | -7.8% | -16.3% | 10.7% | -12.5% |
| % of sales | 2.2% | 2.7% | 3.0% | 2.5% | 2.8% | 2.6% | 3.0% | 2.4% | 3.6% | 2.3% |
| Ordinary income | 536 | 717 | 834 | 660 | 753 | 680 | 775 | 572 | 737 | 675 |
| YoY | -28.2% | 84.9% | 5.5% | -4.1% | 40.6% | -5.1% | -7.1% | -13.3% | -2.1% | -0.8% |
| Profit margin | 1.9% | 2.4% | 2.8% | 2.3% | 2.7% | 2.3% | 2.9% | 2.2% | 3.1% | 2.4% |
| Net income | 376 | 512 | 602 | 473 | 546 | 495 | 567 | 455 | 527 | 484 |
| YoY | -23.8% | 110.6% | 8.6% | -4.0% | 45.3% | -3.4% | -5.9% | -3.9% | -3.4% | -2.2% |
| Net margin | 1.3% | 1.7% | 2.0% | 1.6% | 1.9% | 1.7% | 2.1% | 1.8% | 2.2% | 1.7% |

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).

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We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

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