

General construction consulting firm with a strong background in urban development

- Rapid improvement in cash flow generation over the past 10 years, with high expectations for the new medium-term management plan starting from FY24/5 -

Summary

- **Summary:** OHBA is a general construction consulting firm boasting a leading market share in the field of urban development, with potential to reap the benefits of the long-term shift to compact and smart cities in rural areas. Since its establishment in 1922, the company has been involved in various stages of public works projects preceding the construction phase, such as urban planning, land readjustment, surveying, and land development, in Japan, where the separation of design and construction is mandatory. This commenced with the development of Togoshi New Town (1932), which OHBA undertook in partnership with Mitsui Gomei and Mitsui Trust.
- **Advantages:** OHBA's main advantage lies in its expertise and leadership capabilities gained through the planning and execution of numerous urban planning projects, standing between various stakeholders, including governments, general contractors, developers, landowners, and individuals. In the construction consulting industry, many companies focus on major market sectors such as river and erosion control, roads, and steel structures and concrete, but the company has established a unique position in which it can collaborate rather than compete with industry peers by focusing on urban planning and building a track record in this field.
- **Super-long-term performance:** OHBA's performance has generally been in line with domestic construction investment. During Japan's period of economic growth from the 1960s, earnings growth accelerated, with sales surpassing ¥20 bn and operating profit reaching ¥2 bn by the early 1990s. However, with the burst of the bubble, tighter budgets in the 2000s, and the financial crisis in 2008, the company's sales halved and profitability slumped to barely breaking even. From the 2010s onward, earnings performance has been recovering thanks to tailwinds such as special reconstruction demand following the Great East Japan Earthquake, the kickoff of Abenomics in 2013, and the 2020 Tokyo Olympics.

FY	Net Sales (¥mn)	YoY (%)	Oper. Profit (¥mn)	YoY (%)	Profit ATOP (¥mn)	YoY (%)	EPS (¥)	DPS (¥)
2019/5	15,581	(3.1)	1,104	7.1	1,715	130.3	99.5	18.0
2020/5	15,203	(2.4)	1,145	3.6	824	(52.0)	49.3	14.0
2021/5	15,862	4.3	1,334	16.6	852	3.5	52.0	15.0
2022/5	15,933	0.4	1,583	18.6	1,086	27.3	67.0	23.0
2023/5CE	16,000	0.4	1,600	1.1	1,100	1.3	68.7	24.0
2022/5 3Q C	10,294	82.2	873	-	570	-	35.2	-
2023/5 3Q C	9,774	(5.1)	871	(0.2)	298	(47.6)	18.5	-

Source: compiled by SIR from the company's IR materials.

INITIATION

URBAN DEVELOPMENT & CIVIL ENGINEERING, CONSULTANTS
OHBA & CO.

Focus Points:

General construction consulting firm boasting a leading market share in the field of urban development. The company has aggressively worked to improve profitability under its current medium-term management plan ending in FY23/5, and investors will likely pay close attention to its business strategy that capitalizes on its improved cash flow generation capabilities from FY24/5 onward.

Key Indicators

Share price (5/26)	777
YH (5/9)	804
YL (1/6)	644
10YH (19/12/12)	995
10YL (14/1/6)	216
Shrs out. (mn shrs)	17.25
Mkt cap (¥ bn)	13.6
EV(¥ bn)	11.4
Shr equity ratio (2/28)	56.9%
23.5 P/E (CE)	11.31x
22.5 P/B (act)	1.27x
23.5 DY (CE)	3.09%

Share price and volume since 2022



Source: SPEEDA

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- **Business strategy:** Over the past 10 years, OHBA's profitability has improved at a higher pace than its industry peers. The higher price for technicians set by the Ministry of Land, Infrastructure, Transport and Tourism was one factor, but the company also saw success in its own strategies, including (1) a higher rate of high-margin design work, (2) increased added value through personnel training and adding qualified personnel, (3) stabilized earthquake reconstruction-related work and improved sales mix, and (4) reducing interest-bearing debt and interest expenses. The current medium-term management plan ends in FY23/5, and the company is expected to announced its new medium-term management plan soon.
- **Valuation:** Publicly listed construction consulting companies have generally traded around 10-15x P/E for the past 10 years. The company's stock continues to trade at a slight premium to its peers both in terms of P/E and P/B ratio, but this can be explained by its high shareholder return ratio of 50% and relatively high ROE. If the company announces a new medium-term management plan that calls for an increase in EPS over the medium term, the market may support higher valuations based on the company's first-year plan.

Table of Contents

Summary

Company Overview _____ **p.04**

- **Overview:** General construction consulting firm with leading market share in urban planning
- **History:** Established reputation for urban planning over its 100-year history
- **Advantage:** Accumulated a great deal of expertise required for urban planning
- **Management:** Current representative led the company's performance recovery from the 2010s onward

Industry Environment _____ **p.08**

- **Construction investment:** Halved following the burst of the bubble, but trending slightly upward since the introduction of Abenomics
- **Technician price:** MLIT's standard price has improved substantially since 2013
- **Peer comparison:** Improvement profitability varied among companies

Earnings Trends and Growth Strategy _____ **p.12**

- **Overview: Profitability substantially improved over the past 10 years**
 - (1) Higher ratio of high-margin design work
 - (2) Increased added value through personnel training and addition of qualified personnel
 - (3) Stabilized earthquake reconstruction-related work and improved sales mix
 - (4) Reduced interest-bearing debt and interest expenses
- **Shareholder return policy:** Maintain high capital efficiency through strong shareholder returns with a total return ratio of 50%
- **FY23/5:** 3Q cumulative sales largely flat YoY; orders on hand up 8.0% YoY
- **Growth strategy:** Focus on human capital strategy to expand sales and use of cash generated

Valuation and Risks _____ **p.22**

- **Overview:** Average P/E ratio of construction consulting stocks remains stable at 10-15x
- **Valuation:** Companies that are proactive about shareholder returns tend to be given a valuation premium
- **Risks:** Watch for continuity of factors that drive valuation premium relative to peers

Governance and Shareholders _____ **p.25**

- **Overview:** Ratio of outside directors has been raised gradually in the past

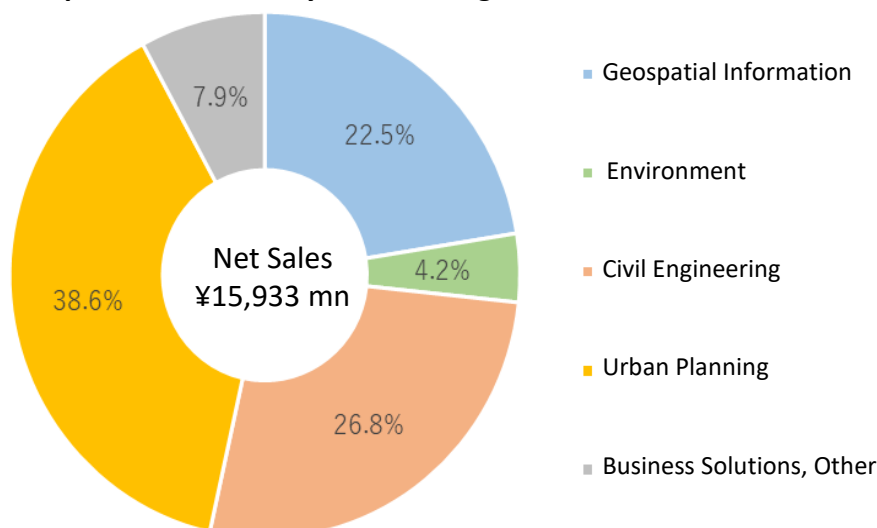
Financial Data _____ **p.28**

Company Overview

Overview: General construction consulting firm with a leading market share in urban planning

OHBA is a general construction consulting firm engaged in the development of social infrastructure and private-sector facilities. The company surveys geography and topography, provides water supply, sewage, and road management systems, and performs geospatial information work as part of disaster prevention simulations. In addition, it provides environment-related work such as environmental assessment and facility planning that takes into consideration measures to prevent soil contamination, preserve water quality, and dispose of waste, as well as design work such as water supply and sewage facility design, hazard map creation, bridge and tunnel seismic reinforcement design, and landslide and slope collapse analysis. By organically combining these services, the company also provides urban planning services aimed at developing urban infrastructure with multifaceted appeal, such as welfare, crime prevention, disaster prevention, greenery, and livability. Furthermore, the company is also engaged in the business solutions business, which organizes landowners and carries out land readjustment and development activities on behalf of landowners, sometimes using its own cash. In addition to the parent company, there are three wholly-owned subsidiaries, Kinki toshi-seibi, Japan Urban Planning, and Tohoku Toshiseibi, all of which are engaged in similar businesses.

Composition of sales by business segment in FY22/5



Source: compiled by SIR from the company's IR materials.

Note: Lease rental income, etc. are included in Business Solutions and Other.

The construction consulting industry is comprised of about 50 companies with annual sales of ¥5 bn or more and about 100 companies with annual sales of ¥2 bn or more, led by major players such as Nippon Koei (1954) with annual sales of ¥60 bn, and Pacific Consultants (unlisted) and Construction Technology Research Institute (9621) with annual sales of about ¥50 bn. The public sector accounts for the majority of the market, and although there are barriers to entry, the field is well-diversified. The company is a mid-sized player, ranking around 20th in terms of sales.

One of OHBA's unique features is its focus on urban planning and regional planning (urban development). While most of the other major firms have a high sales composition in the areas of river and erosion control, roads, and steel structures and concrete, urban planning accounts for about half of the company's total construction consulting sales, making it the largest firm in this field. The next largest companies are Nikken Sekkei (unlisted) and Nihon Koei Urban Space (formerly Tamano General Consultant, which joined the Nihon Koei Group in March 2005), but their annual sales in the field are nearly ¥2 bn short of the company's. OHBA has the potential to benefit from the long-term trend toward compact and smart cities in rural areas.

Construction Consulting Firm Sales Ranking by Company and Sales Composition of Main Sectors (2023 Survey)

No.	Company name	Net Sales (¥mn)	First Category		Second Category		Third Category	
			Category	Sales Compo.	Category	Sales Compo.	Category	Sales Compo.
1	Nippon Koei	61,058	River/Erosion Control	14.7	Port/Airport	7.2	Railway	7.4
2	PACIFIC CONSULTANTS	51,218	Roadway	14.1	River/Erosion Control	13.5	Copper/concrete	11.8
3	CTI Engineering	48,696	River/Erosion Control	38.1	Roadway	13.7	Copper/concrete	9.5
4	Oriental Consultants	30,438	Roadway	24.1	Copper/concrete	24.1	River/Erosion Control	12.2
5	Oriental Consultants Global	28,884	Railway	56.9	Roadway	15.4	Port/Airport	8.0
6	Eight-Japan Engineering Consultants	23,641	Copper/concrete	24.3	River/Erosion Control	13.1	Roadway	10.6
7	Yachiyo Engineering	23,329	River/Erosion Control	26.9	Copper/concrete	12.8	Roadway	12.7
8	IDEA Consultants	21,521	Construction/Environment	50.6	River/Erosion Control	19.4	Copper/concrete	9.1
9	Nihon Suido Consultants	19,652	Sewage	51.2	Water/industrial water	37.3	River/Erosion Control	8.9
10	CHODAI	18,836	Copper/concrete	41.8	Roadway	29.0	Construction/Environment	9.7
11	JR East Consultants Company	18,704	Roadway	37.5	Copper/concrete	13.5	Surveying	5.2
12	OYO Corporation	18,457	Geological survey	41.9	Geology	6.8	Roadway	6.8
13	NIPPON ENGINEERING CONSULTANTS	18,288	Copper/concrete	51.1	Roadway	14.7	River/Erosion Control	8.5
14	NJS	16,629	Sewage	68.5	Water/industrial water	29.4	-	-
15	NEWJEC	16,452	River/Erosion Control	19.7	Port/Airport	14.5	Roadway	8.3
16	Kokusai Kogyo	15,427	Surveying	34.4	Urban Planning	8.4	River/Erosion Control	7.9
17	Asia Air Survey (AAS)	15,261	Surveying	38.0	Construction/Environment	10.8	River/Erosion Control	10.3
18	Nihon Shinko	13,852	Roadway	34.8	River/Erosion Control	26.9	Construction Planning	13.5
19	TOKYO ELECTRIC POWER SERVICES	13,326	Copper/concrete	20.8	Electric Power Civil engineering	18.7	Electrical/Electronic	5.9
20	Docon	12,945	River/Erosion Control	30.0	Roadway	18.8	Copper/concrete	11.5
21	T-NET JAPAN	12,707	Construction Planning	16.4	Roadway	15.3	River/Erosion Control	9.7
22	OHBA	12,609	Urban Planning	51.0	Copper/concrete	6.8	L/scaping	5.8
23	CHUO FUKKEN CONSULTANTS	12,279	Railway	33.3	Copper/concrete	14.7	Roadway	13.0
24	Nippon Koei Urban Space	11,801	Urban Planning	44.2	Roadway	8.4	Surveying	7.5
25	Chuo Consultants	11,680	Copper/concrete	34.5	Roadway	18.2	River/Erosion Control	14.6

Source: compiled by SIR from "Nikkei Construction" materials.

Note: Figures are compiled and presented based on the 2023 survey data. Please note that (1) the figures are on a non-consolidated basis, (2) only sales related to construction consulting are included, and (3) there are some differences compared to the financial information due to the period of time for which the data was compiled.

History: Established reputation in urban planning over its 100-year history

In October 1922, about 100 years ago, the company's founder, Munenori Ohba, an official of the Ministry of Railways who was engaged in surveying, started the business in Tokyo by taking over the management of Waji Corporation with the aim of providing surveying services mainly for mines, railroads, ports, and other facilities. In November 1930, the company changed its name to Ohba Munenori Civil Engineering Office and expanded its business to civil engineering design and construction management.

In 1932, the company became involved in the Togoshi New Town project (residential land development work), which became the root of its reputation in urban development. The project was a joint venture between Mitsui Gomei (now Mitsui Fudosan Co., Ltd.) and Mitsui Trust (now Sumitomo Mitsui Trust Bank, Limited), with the company handling everything from design to construction management. Since then, the company has frequently worked with these companies, both of which are major shareholders of the company, owning over 4% of the company's shares.

After World War II, the company was incorporated in October 1947 as a joint stock company and established a construction and civil engineering construction division, laying the foundation for rapid business expansion during the period of rapid economic growth that followed. It began regional expansion by establishing its Nagoya office in 1953 and its Osaka field office in 1962, then proceeded to enter the land readjustment business in earnest and undertook a series of major new towns and golf course development projects in the 1960s. In June 1972, the company was listed on the then Second Section of the Tokyo Stock Exchange, and since then, it has expanded its business nationwide, starting with key locations such as Fukuoka, Sendai, Shizuoka, and Hiroshima, and worked to expand earnings.

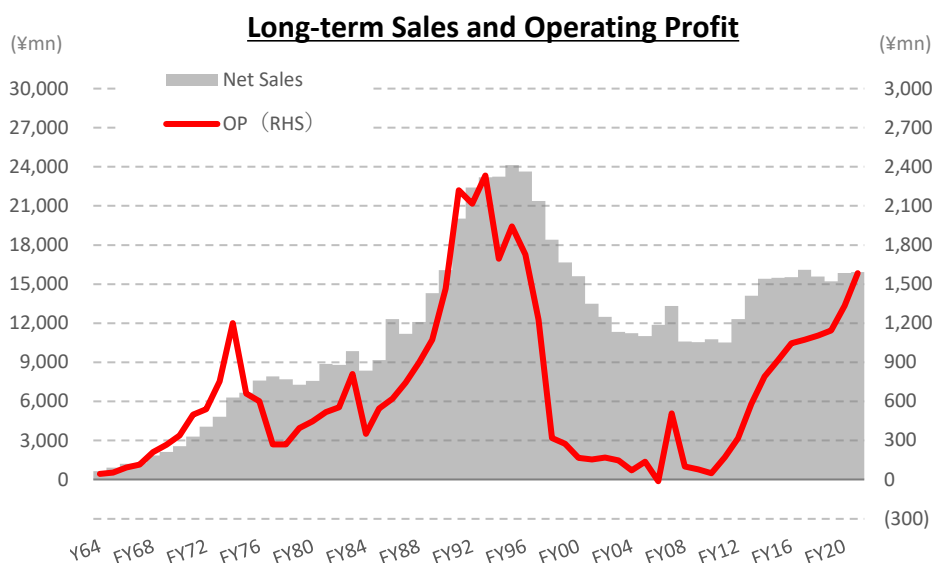
OHBA's History

Year	Month	Event
1922	10	Took over the management of Waji Corporation and started a surveying business mainly for mines, railroads, ports, and other facilities
1930	11	Changed company name to Ohba Munenori Civil Engineering Office and established a civil engineering design and construction management division on top of the surveying business
1932	-	Began residential land development operations, handling everything from design to construction management for Togoshi New Town
1945	11	Changed company name to Ohba Civil Engineering & Architecture Office
1947	10	Incorporated as a joint-stock company, adding new architectural and civil engineering construction divisions.
1960s		Entered the land readjustment business in earnest, and began working on major new town, golf course, and other development projects
1971	12	Changed company name to Ohba Co., Ltd.
1972	6	Listed on the Second Section of the Tokyo Stock Exchange
1970s		Established a comprehensive system consulting organization that handles everything from survey planning to construction management
1970s		Began opening sales offices nationwide, starting with Fukuoka, Sendai, Shizuoka, and Hiroshima
1980		Orders surged mainly for resort and leisure-related projects
2015	8	Transferred to the First Section of the Tokyo Stock Exchange
2022	4	Transferred to the Prime Market following the revisions to the Tokyo Stock Exchange market segmentation

Source: compiled by SIR from the company's IR materials.

In the early 1990s, OHBA expanded to ¥20 bn in sales and ¥2 bn in operating profit, but its performance subsequently deteriorated following the collapse of the bubble economy, which was accompanied by a drop in construction demand and fiscal spending cuts. In the 2000s, its earnings slumped to ¥10 bn in sales, merely breaking even on the profit line. The recession that followed the 2008 financial crisis also added to the company's strain.

However, the company's operating profit has been recovering since the 2010s, thanks to a turnaround in the macro environment, including special reconstruction demand following the Great East Japan Earthquake in 2011 and increased fiscal spending under Abenomics in 2013. This was combined with internal efforts to boost the number of qualified personnel and increase the ratio of value-added work by reviewing the evaluation system and strengthening training programs. In FY22/5, the company achieved sales of ¥15.93 bn and operating profit of ¥1.58 bn, which, while below its peak performance, is still a respectable recovery in earnings. In FY23/5, which the company considers to be an advancement period, OHBA plans to secure sales of ¥16.0 bn and operating profit of ¥1.6 bn.



Source: compiled by SIR from the company's IR materials.

Note: Figures for FY1991 and FY2006 are not consistent owing to a change in the reporting period.

Advantage: Accumulated expertise required for urban planning

OHBA, which has focused on urban development, boasts expertise in urban planning and implementation, and has the ability to negotiate with the government, general contractors, other private companies, landowners, and other interested parties to create and implement urban plans. Since 1959, when the then Ministry of Construction at the time announced the separation of design and construction, the responsibility for public works projects has been divided between construction consulting firms, who are responsible for project planning, surveying, and design, and general contractors, who handle the construction. The on-site capabilities that consulting firms have accumulated through their ongoing efforts to build social consensus and fulfill their responsibilities to provide explanations from the standpoint and perspective of consultants who are close to the local residents serve as a potential barrier to entry into the market.

One example is the expertise in police consultation for road development. In integrated urban development, it is necessary to consider the width and shape of the road based on traffic volume, and to explain such rationale not only to the police station with jurisdiction, but also to the prefectural police headquarters to obtain their approval. The smooth implementation of urban planning proposals that take into account traffic safety and the perspective of the police organization is a feat that can only be accomplished by having accumulated experience from a wide variety of projects in the past.

Furthermore, there are times when dozens of individual landowners are involved in urban planning projects. The company's ability to bridge the gap between individuals (sellers) with their own circumstances and the government or private developers (buyers), through its willingness to temporarily hold land and other assets on its balance sheet as an agent as needed, is the result of its sound balance sheet and accumulated experience.

With this track record, the company has earned the trust of not only government agencies but also major developers. For example, OHBA's involvement in one of its flagship projects, the Fujisawa Sustainable Smart Town Project in Fujisawa City, Kanagawa Prefecture, was decided upon when the company was introduced by Mitsui Fudosan for the planning, development design, and construction management of the land readjustment project after Panasonic selected Mitsui Fudosan Residential and PanaHome as developers to utilize its former factory site. For a better understanding of the company's added value, please refer to the following website, which commemorates the 100th anniversary of the company's founding.

URL : <http://www.k-ohba.co.jp/100th/>

Management: Current representative has led the company's performance recovery from the 2010s onward

Mr. Shigeru Tsujimoto, the current President and Representative Director, is from the company's founding family. After joining Overseas Oil Development Co., Ltd. (currently, INPEX) in 1979 and working in project finance for oil field development projects in North America, he joined Mitsui Trust Bank, Limited (now Sumitomo Mitsui Trust Bank, Limited) in 1987, where he worked in the Los Angeles, New York, and Osaka branches before joining OHBA in March 2003 as a permanent advisor. Since his appointment as executive officer, general manager of the finance department, and general manager of project development department in July 2005, he has been deeply committed to both the business and financial aspects of the company, and he became a representative director in August 2013.

Mr. Tsujimoto has been a key board member in the company's recovery from the early 2000s, when earnings fell sharply, to the current level. On the financial side, he pushed to reduce assets and interest-bearing debt by selling real estate holdings such as company-owned buildings, while on the business side, he has been working to break the internal culture of complacency toward earnings growth. As part of these efforts, Mr. Tsujimoto has worked to add technicians by expanding the employee training program, revised the evaluation system, and as a result, increased added value and improved profitability.

President and
Representative Director
Mr. Shigeru Tsujimoto



Industry Environment

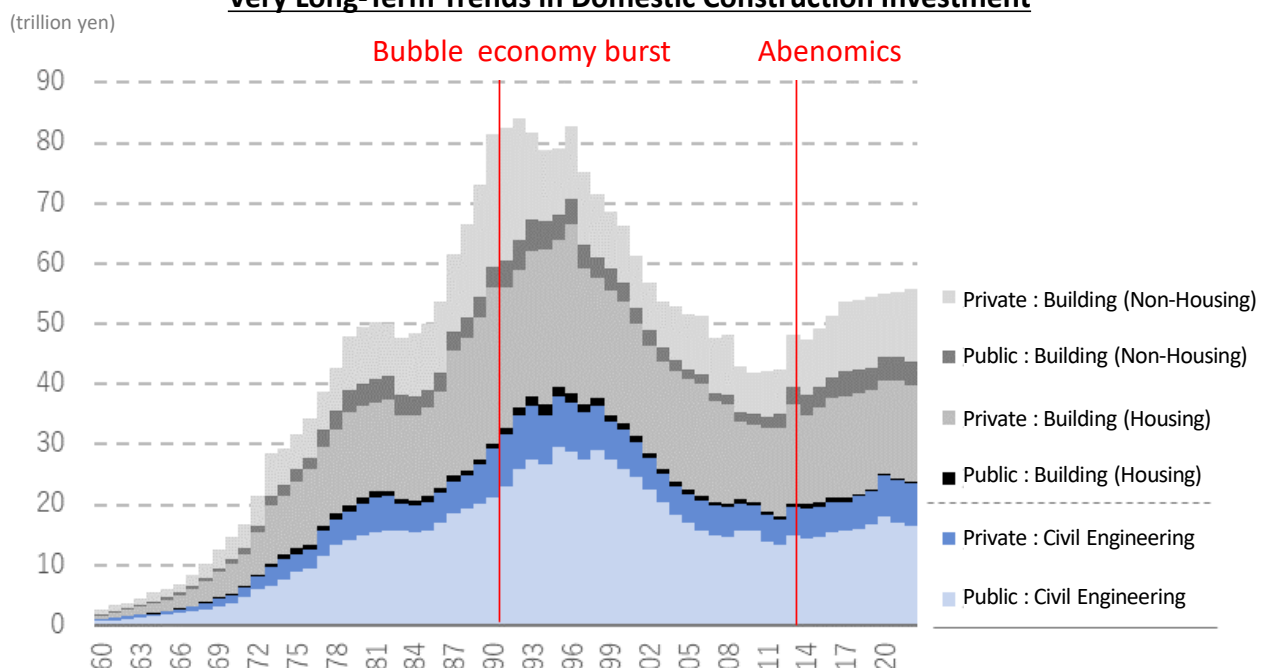
Furthermore, he has worked to strengthen the OHBA's governance. In FY14/5, when Mr. Tsujimoto was appointed representative director, all four directors (excluding auditors) were internal personnel, but five of the nine directors are expected to be external personnel as of the end of August 2023 (please refer to the end of this report for details on the governance system). Mr. Tsujimoto has also been proactive in terms of shareholder returns, targeting a total return ratio of 50% from FY19/5 onward, and has continued to provide attractive shareholder returns through both dividends and share buybacks.

Construction investment: Halved following the burst of the bubble, but trending slightly upward since the introduction of Abenomics

Construction investment in Japan has experienced large swings over the very long term, expanding at an accelerated pace from the 1960s to the early 1990s and peaking at ¥84 tn (total of public and private, civil engineering and construction), then halving to ¥42 tn by the early 2010s due to the burst of the bubble economy, fiscal tightening in the 2000s, and the 2008 financial crisis. Subsequently, it has recovered to ¥55 tn on the back of special reconstruction demand following the Great East Japan Earthquake in 2011, increased fiscal spending and economic recovery associated with Abenomics in 2013, and heightened demand in preparation for the 2020 Tokyo Olympics.

Domestic construction investment is broadly classified into six categories (please see the chart below), divided into civil engineering and construction (residential and nonresidential) for government and private sectors. OHBA's core business is construction consulting services for government civil engineering projects, which is a sector worth approximately ¥17 tn per year, and private sector civil engineering projects, which is a sector worth approximately ¥7 tn per year. Since a 1959 Ministry of Construction directive, design and construction work for public works projects have been separated as a general rule, and the company is responsible for the design portion of these projects. Although the company does not have a large market share, its performance is generally in line with the long-term trends in domestic construction investment shown in the table below, and it is competing in a sector where the macro environment, government policies, and budget decisions have a large impact on earnings.

Very Long-Term Trends in Domestic Construction Investment



Source: compiled by SIR from Ministry of Land (MLIT): *Estimate of Construction Investment*

Note: Figures for 2020 and 2021 are estimates, while figures for 2022 are projections. In addition, building repairs (renovations and refurbishments) are excluded from the above table.

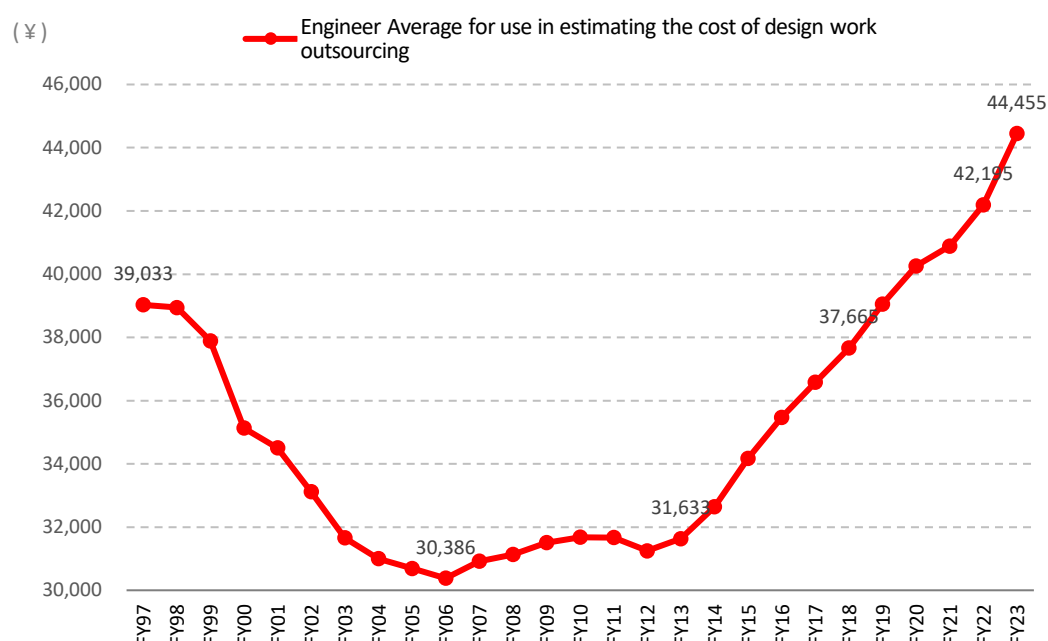
Civil engineering investment peaked in 2020 and has fallen by about ¥1 tn since, owing to the slowdown in reconstruction demand associated with the Great East Japan Earthquake and a reactionary drop from the surge in construction investment in preparation for the 2020 Tokyo Olympics. However, public works spending has increased under the "Five-Year Acceleration Plan for Disaster Prevention, Disaster Mitigation, and National Land Resilience" starting in 2020, and the total cumulative budget is set at around ¥15 tn. The medium-term outlook for the industry is expected to be firm, but it will be interesting to see how many projects the company can secure in the area of disaster prevention and mitigation, which is the central focus of the government, and how much the compact and smart city concepts in regional cities will progress.

Technician price: MLIT's standard price has improved substantially since 2013

The "Engineer Average Price (standard daily rate) for use in estimating the cost of design work outsourcing", released every March by the Ministry of Land, Infrastructure, Transport and Tourism, is another important indicator for forecasting trends in earnings. Although it is directly intended to be used for public works projects ordered by the Ministry of Land, Infrastructure, Transport and Tourism, it can also be used as a standard for local governments and private-sector projects to determine prices based on supply-demand balance.

The simple average for all occupations started at ¥39,000 in the late 1990s and temporarily fell to around ¥30,000 due to fiscal tightening, but has clearly been on the rise since 2013, reaching ¥44,455 in March 2023, representing a 40.5% increase from 10 years ago, an 18.0% increase from 5 years ago, and a 5.4% increase year-on-year. Standard prices have been continuously rising as part of the government's top-priority efforts of raising wages, and this has led to an increase in labor costs to some extent owing to strong pressure to provide the benefits to skilled workers, but at the same time it has helped improve profitability in the construction consulting industry to some degree.

Long-term Trends in Engineer Average Price (Standard daily rate) for the cost of design work outsourcing



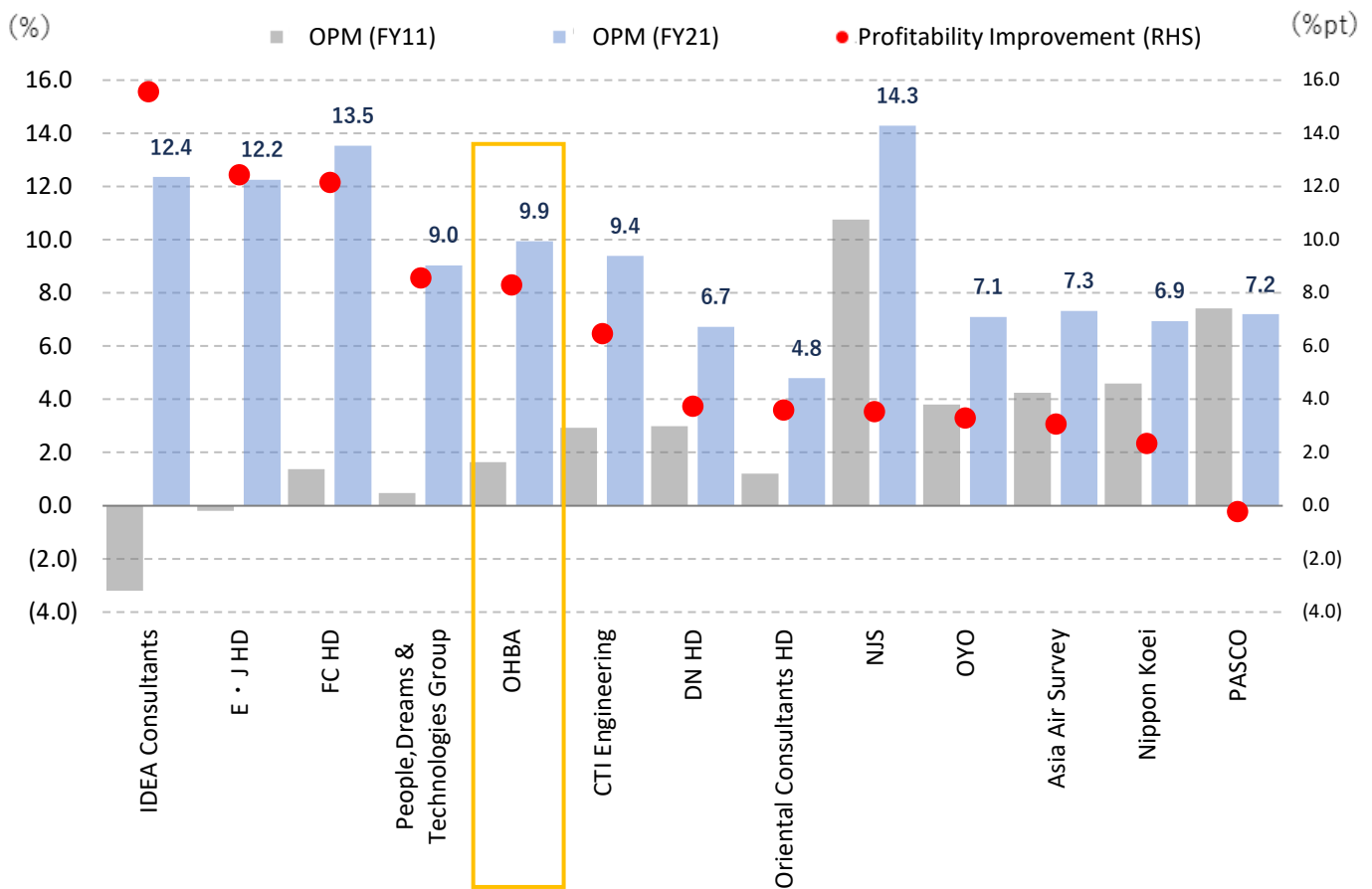
Source: Prepared by SIR based on the "Technician Price for Commissioned Design Work, etc." report by the Ministry of Land, Infrastructure, Transport and Tourism.

Note: Figures refer to simple averages of standard daily rates for all occupations.

Peer comparison: Improved profitability varied among companies

Although the performance trends of construction consulting companies tend to be similar due to the correlation with macro construction investment demand and the existence of government-led standard prices, the improvement in profitability over the past 10 years has varied considerably. A population analysis of 13 listed construction consulting companies, chosen because their past performance can be consistently confirmed, shows that the operating profit margin improved by a sum total of 4.4% from FY2011 to FY2021, with values ranging from -0.2% to 15.6%, whereas OHBA's operating profit margin improving by a relatively high 8.3%. The company's operating profit margin for FY23/5 was 9.9%, higher than the average of 8.1%. One reason for this is that it was relatively easy for the company to secure profitability compared to its competitors due to its focus on urban development, where there is less competition compared to construction consulting in river and erosion control, roads and steel structures/concrete. However, it is fair to assume that the company's internal efforts to boost profitability also contributed.

Improvement in Operating Profit Margins of Listed Construction Consulting Companies over the Past 10 Years



Code	Company	Net Sales				Operating Profit				OPM			
		FY06	FY11	FY16	FY21	FY06	FY11	FY16	FY21	FY06	FY11	FY16	FY21
- Simple summation		303,630	329,384	437,098	595,140	8,241	12,173	20,530	48,062	2.7	3.7	4.7	8.1
1954	Nippon Koei	67,053	65,945	101,338	130,674	2,314	3,030	5,464	9,065	3.5	4.6	5.4	6.9
2153	E • J Holdings	17,726	16,919	22,978	36,668	335	-33	1,274	4,491	1.9	-0.2	5.5	12.2
2325	NJS	13,582	14,257	16,402	19,315	827	1,533	774	2,759	6.1	10.8	4.7	14.3
2498	Oriental Consultants HD	22,763	31,191	47,075	77,339	587	375	1,434	3,712	2.6	1.2	3.0	4.8
6542	FC HD	5,056	5,392	6,857	8,547	223	74	716	1,156	4.4	1.4	10.4	13.5
9797	DN HD	11,055	10,381	14,692	32,113	203	310	679	2,159	1.8	3.0	4.6	6.7
9232	PASCO	36,661	50,388	51,767	56,565	622	3,736	1,187	4,069	1.7	7.4	2.3	7.2
9233	Asia Air Survey	19,994	21,564	23,956	33,674	506	916	1,345	2,466	2.5	4.2	5.6	7.3
9248	People, Dreams & Technologies Group	16,680	19,602	26,661	37,604	294	92	1,531	3,397	1.8	0.5	5.7	9.0
9621	CTI Engineering	28,977	33,646	42,033	74,409	1,308	984	2,378	6,991	4.5	2.9	5.7	9.4
9755	OYO	39,431	36,718	51,323	51,675	1,706	1,396	1,579	3,666	4.3	3.8	3.1	7.1
9765	OHBA	11,864	10,534	15,542	15,933	-13	172	1,045	1,583	-0.1	1.6	6.7	9.9
9768	IDEA Consultants	12,788	12,847	16,474	20,624	-671	-412	1,124	2,548	-5.2	-3.2	6.8	12.4

Source: compiled by SIR from the company's IR materials.

Note: Figures for E.J. Holdings include those of its predecessor Eight Consulting, FC Holdings include those of Fukuyama Consultant, and the Hito, Yume & Gijutsu Group includes those of Chodai. DN Holdings has only recently completed its merger, and the figures shown refer to Dainippon Consultant, one of the companies involved in the merger.

Earnings Trends

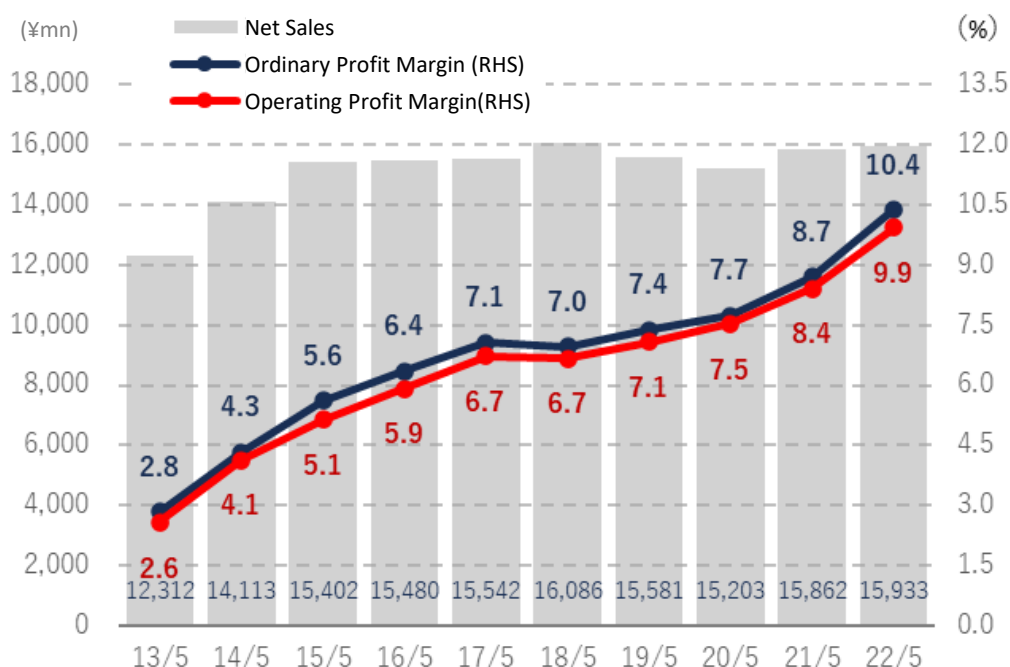
Overview: Profitability substantially improved over the past 10 years

Looking at earnings trends over the past 10 years, sales have remained generally flat at around ¥15-16 bn per year since FY15/5, while profitability has continued to improve. Macroeconomically, an increase in technician prices is one factor behind the improved profitability, but other positive factors include:

1. A higher ratio of high-margin design work
2. Increased added value through personnel training and the addition of qualified personnel
3. Stabilized earthquake reconstruction-related work and an improved sales mix
4. Reduced interest-bearing debt and interest expenses

Many of these factors can be attributed to the business and financial strategies of the company and can be appraised.

Long-term trends in sales and profitability

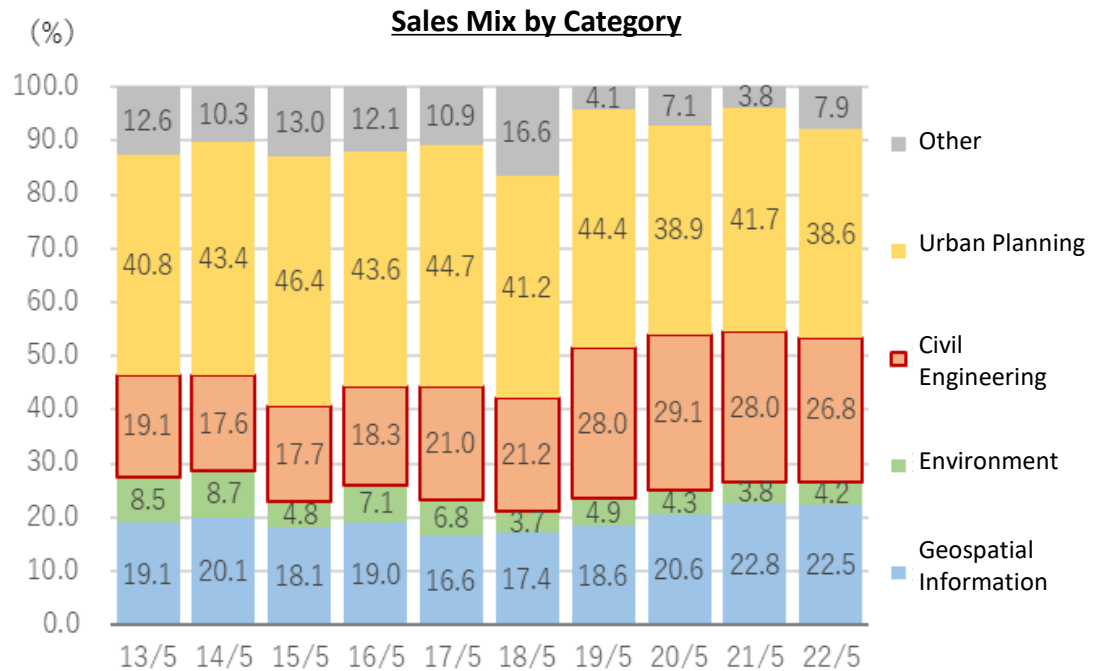


Source: compiled by SIR from the company's IR materials.

1. Higher ratio of high-margin design work

The first factor that helped improve profitability was an increase in the ratio of high-margin design work. For instance, when looking at price levels of technicians for commissioned design work, which were decided by the Ministry of Land, Infrastructure, Transport and Tourism and came into effect starting in March 2023, the standard daily rate for surveying work ranges from ¥27,000/day for assistant surveyors to ¥51,000/day for chief surveyors, while design work ranges from ¥31,600/day for technicians to ¥74,900/day for chief technicians, showing a premium.

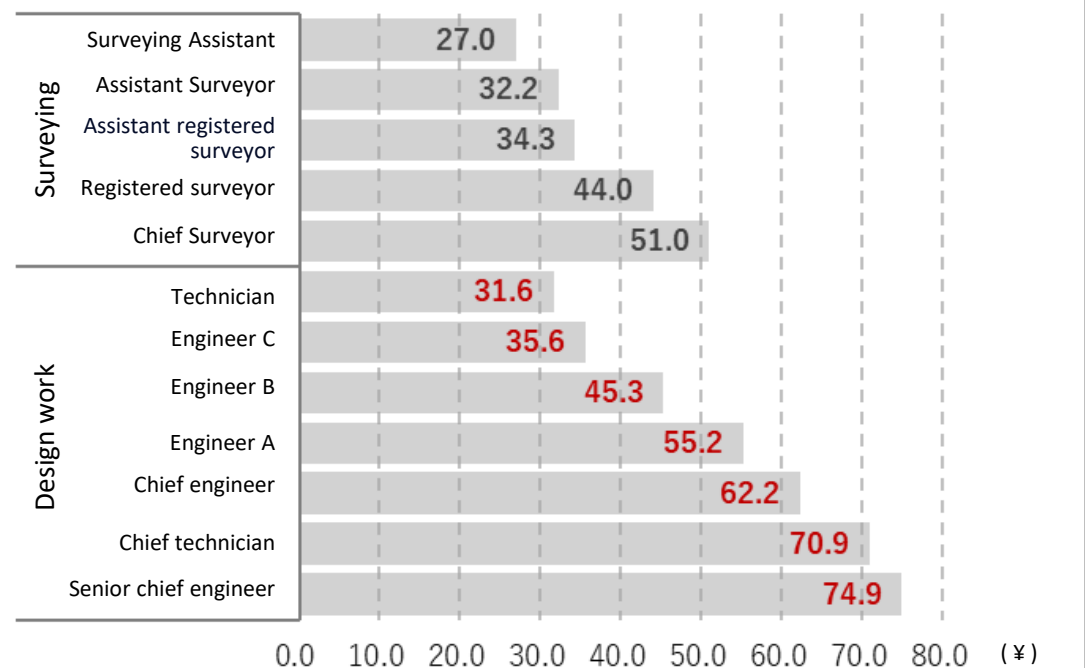
In the early 2010s, design services accounted for a percentage of sales in the upper-teens range, but by around 2020, it had increased to just under 30%. OHBA expanded its mix of design contracts to include not only roads, bridges, water supply, and sewerage facilities, but also urban planning and environmental projects. In addition, the company's aggressive efforts in the field of disaster prevention measures, such as hazard mapping, seismic reinforcement design of bridges and tunnels and analysis of landslides and slope failures, appear to have paid off.



Source: compiled by SIR from the company's IR materials.

Note: "Other" includes business solutions and lease rental income

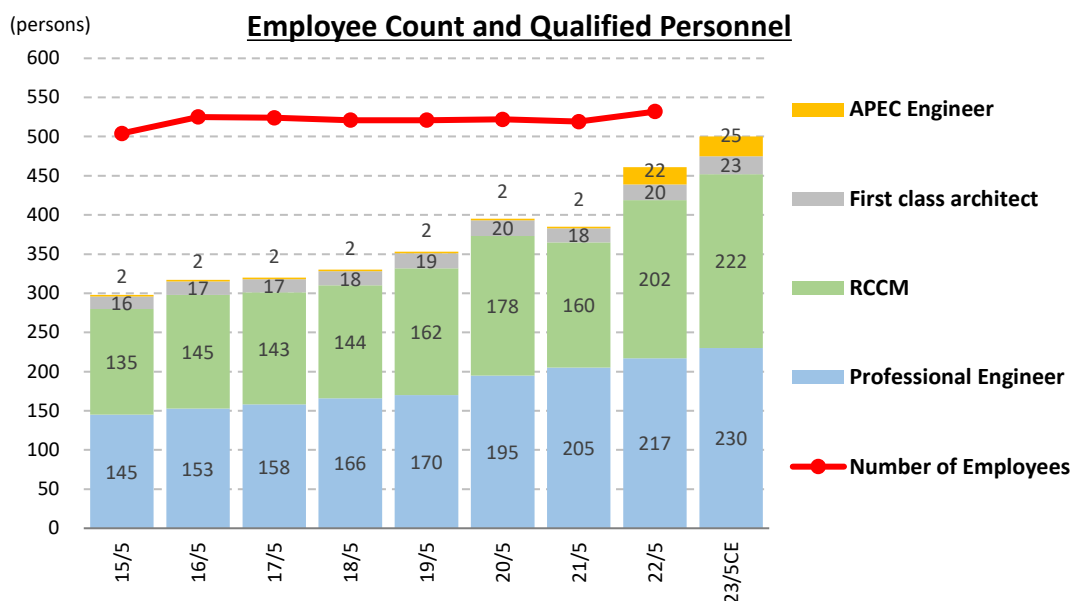
Commissioned Design Technician Price by Category and Role (Revised March 2023)



Source: Prepared by SIR based on "Technician Price for Commissioned Design Work Effective March 2023" report by the Ministry of Land, Infrastructure, Transport and Tourism

2. Increased added value through personnel training and adding qualified personnel

Securing and adding qualified personnel is essential for taking on high-value-added projects and improving profitability. OHBA has been working to improve the quality of its personnel by training internal personnel, including new graduates, and by continuously enhancing benefits for qualified employees. The company's employee count has remained stable at around 520-530 for the past 10 years, but the number of certified engineers and RCCMs (private certifications offered by the Construction Consultants Association of Japan) and other qualified personnel has increased from 300 to 500. It has been focusing on this initiative in both the previous medium-term management plan (FY17/5-FY19/5) and the current medium-term management plan (FY20/50-FY23/5), and the fact that the company has been steadily achieving the quantitative targets set in its initial plan speaks for its organizational strength.



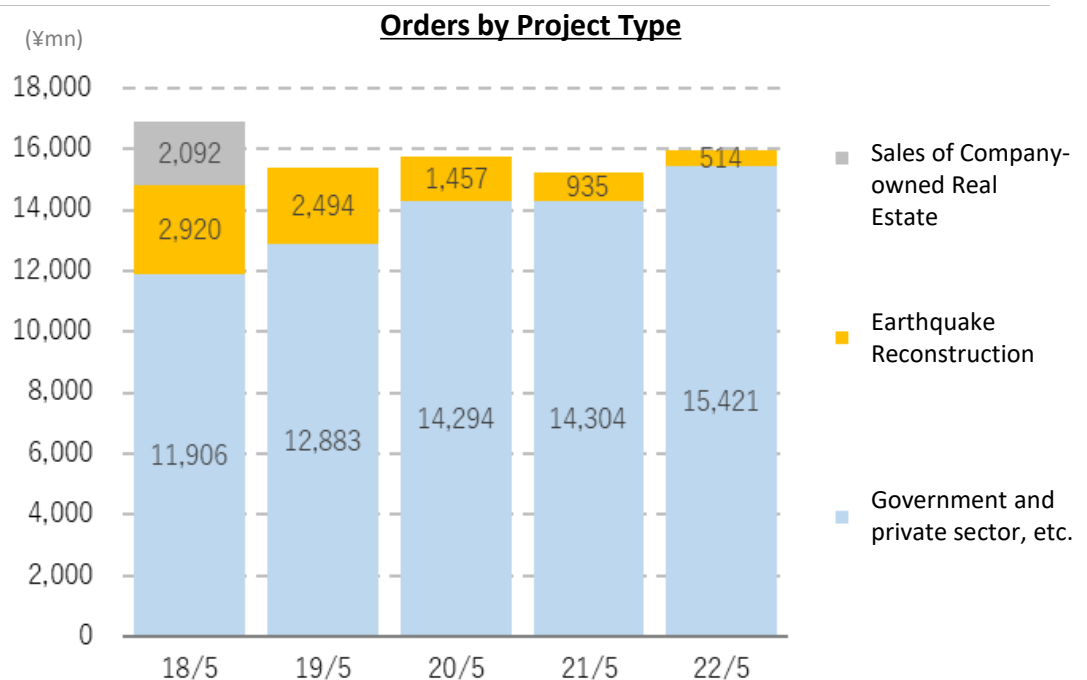
Source: compiled by SIR from the company's IR materials.

Note: Figures for employee counts exclude directors, executive officers, advisors, and contract employees. The 23/5CE figures indicate the company's forecast.

3. Stabilized earthquake reconstruction-related work and improved sales mix

With the relatively low-margin Great East Japan Earthquake reconstruction-related work winding down, the company has been able to devote its limited human resources to more profitable projects, which has likely contributed to the improvement in profitability to a certain degree. While it is difficult to estimate long-term trends given the company's limited disclosures, earthquake reconstruction-related orders, which had already started winding down, were ¥2.92 bn in FY18/5. In comparison, earthquake reconstruction-related orders were only ¥0.51 bn in FY22/5, and the sales mix likely changed by around ¥2.5 bn over the past five years. The change in sales mix is more reactive in nature, but another way to look at it is that the company was able to meaningfully boost sales by enough to offset the drop off in one-time reconstruction-related demand.

While the margins for the earthquake reconstruction work were lower, the company was able to achieve a certain degree of success in terms of (1) accumulating expertise in compact city planning and (2) strengthening cooperation and mutual support with industry peers. The company previously had some concerns over expanding its business beyond Urban planning, but the earthquake reconstruction work provided an opportunity for the company to expand its business to other sectors, including by building relationships with companies such as Pacific Consultants (unlisted), one of the largest construction consulting firms in Japan, CTI Engineering (9621), the industry leader in river and erosion control, Asia Air Survey (9233), the largest surveying firm in Japan, and Idea Consultants (9768), the top construction environment firm in Japan.



Source: compiled by SIR from the company's IR materials.

Note: This disclosure can be found in the business report for the 88th fiscal year (ending May 2022) on OHBA's official YouTube channel

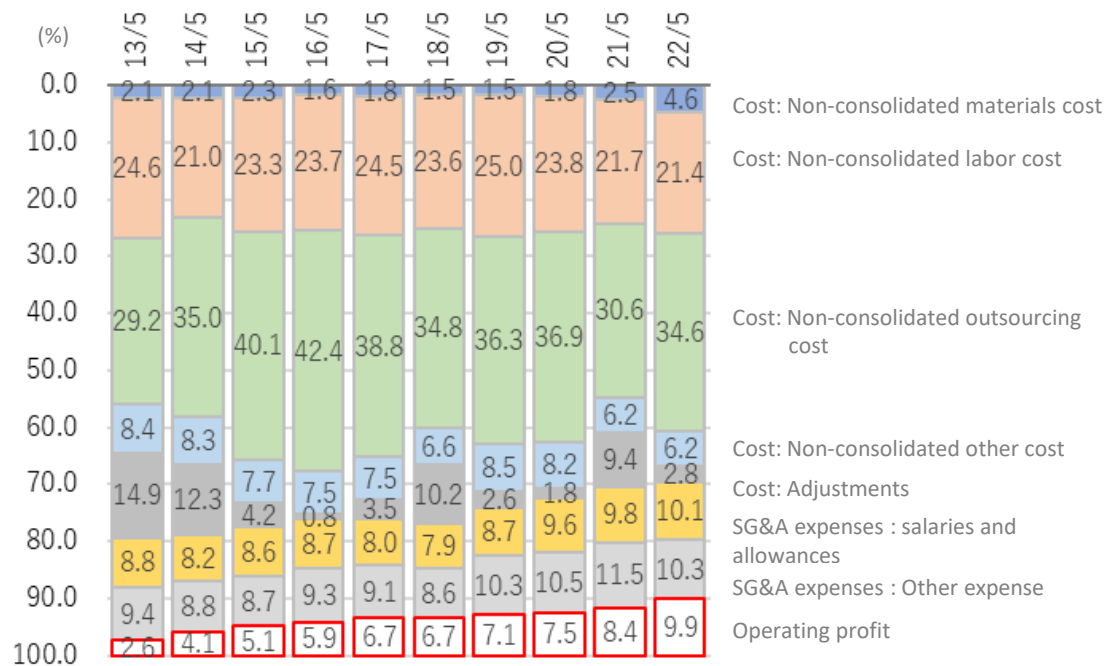
The factors behind the improved profitability up to the operating profit level discussed in Sections 1 through 3 are all related to sales mix and do not touch on streamlining costs. The company's cost structure is such that personnel expenses in the broad sense, including outsourcing costs, account for more than 2/3 of sales. Accordingly, the most important factor for assessing profitability lies in how to systematically improve productivity, whereas other cost cutting measures have only limited benefits.

For example, in FY22/5, non-consolidated labor costs accounted for 21.4% of sales, non-consolidated outsourcing costs for 34.6% of sales, and consolidated SG&A payroll allowance for 10.1% of sales, collectively combining to represent 66.1% of sales. This figure exceeds 70% when including labor costs at subsidiaries, outsourcing costs and consolidated SG&A personnel expenses other than salaries and wages (e.g., bonuses, social insurance premiums, etc.), and other costs likely account for less than 20% of sales. Other cost of sales ratio has been reduced by 1-2% in recent years as a result of reduced travel costs following the COVID-19 pandemic, but otherwise, there have been no notable increases or decreases in other cost items. Unless there is a major change in business format, figuring out the amount of sales revenue the company can obtain and whether it can achieve a higher value-added sales mix or secure and train personnel to accomplish this will be crucial in projecting its future performance.

4. Reduced interest-bearing debt and interest expenses

Looking down to the recurring profit level, the rapid reduction of interest-bearing debt and lower interest expenses have also contributed to improved profitability to some degree. OHBA had over ¥4 bn in interest-bearing debt at the end of FY13/5, but was debt-free in FY22/5. While the company temporarily took on short-term debt during this period owing to the seasonal nature of its business, it has an extremely healthy balance sheet. This is mainly attributable to improved financial strength stemming from sustained profit growth since the 2010s, but also due to more vigorous financial restructuring through streamlining assets, including selling off the headquarters building (please refer to the sales of company-owned real estate in FY18/5 in the previous chart).

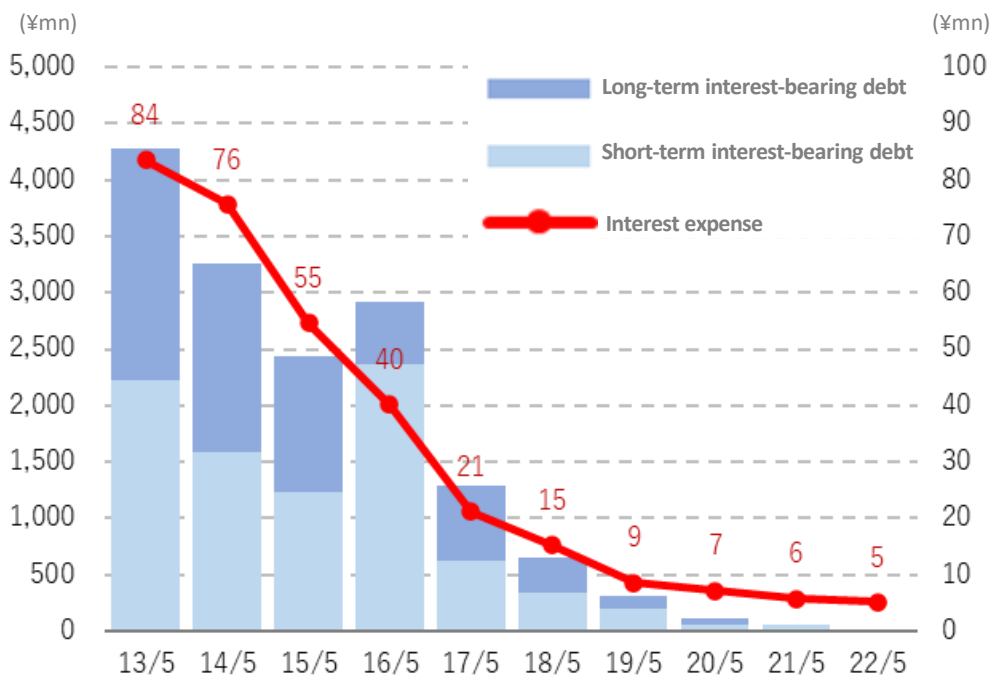
Changes in Earnings Structure



Source: compiled by SIR from the company's IR materials.

Note: Adjustments=Change between consolidated and non-consolidated cost + change in inventory, and others

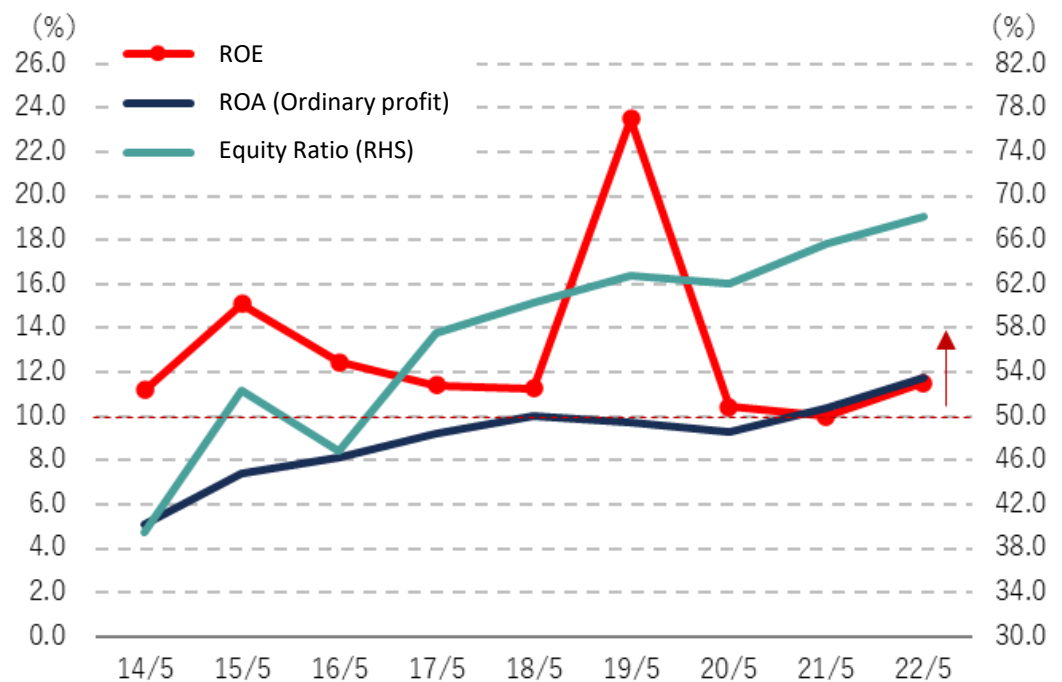
Interest-bearing Debt and Interest Expense



Source: compiled by SIR from the company's IR materials.

Shareholder return policy: Maintain high capital efficiency through strong shareholder returns with a total return ratio of 50%

OHBA's ROE has remained relatively stable and consistently above 10%, despite the downward pressure owing to reduced leverage. Naturally, the improvement in ROA (based on recurring profit) from 5.0% to 12.0% following improved profitability and streamlined assets contributed to this improvement, but another factor is that the company has been proactive in providing shareholder returns without overexpanding shareholder equity.

ROE, ROA, and Equity Ratio


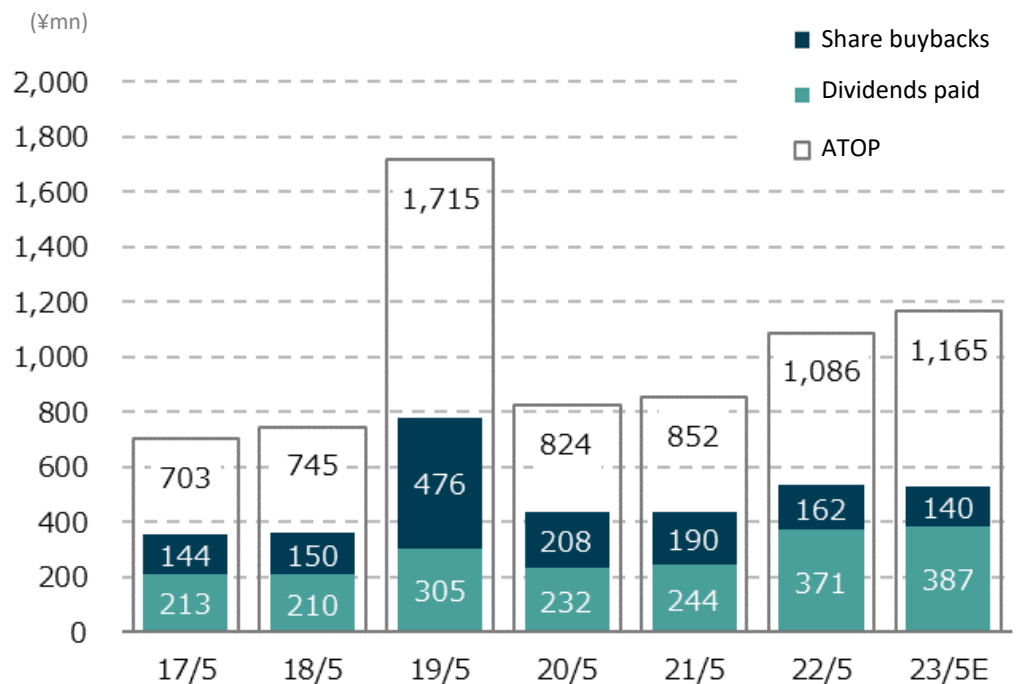
Source: compiled by SIR from the company's IR materials.

Note: ROE increased significantly in FY19/5 as a result of recording substantial extraordinary gains, but this is a one-time event.

OHBA currently targets a total shareholder return ratio of 50%, and has paid out dividends equivalent to 30-35% and conducted share buybacks equivalent to 15-20% in each fiscal year. Prior to FY19/5, the company had only disclosed a target payout ratio of 30%, but it has maintained high and stable shareholder returns over the long term when including the share buybacks that it carried out flexibly. As a result, the company has been able to keep its ROE above the Japanese stock average without retaining excessive amounts of cash.

Since the company's business model is fundamentally labor-intensive, there is no particular need for funds, barring major investment opportunities such as an M&A deal. As such, investors can expect the company to maintain at least its current 50% total shareholder return target. On the other hand, since the company has already secured above average profitability among its peers, it will be challenging to continue improving profitability as it has in the past. Therefore, in order to maintain and improve ROE, the company will need to clarify and implement its policy of reinvesting the 50% it has set aside, or further strengthen shareholder returns. The current medium-term management plan comes to an end in FY23/5, and it will be interesting to see how the new medium-term management plan from FY24/5 onward outlines the company's capital efficiency policy and plans for using the cash generated.

Parent Company Shareholders' Profit and Dividend/Share Buyback Scale



Source: compiled by SIR from the company's IR materials.

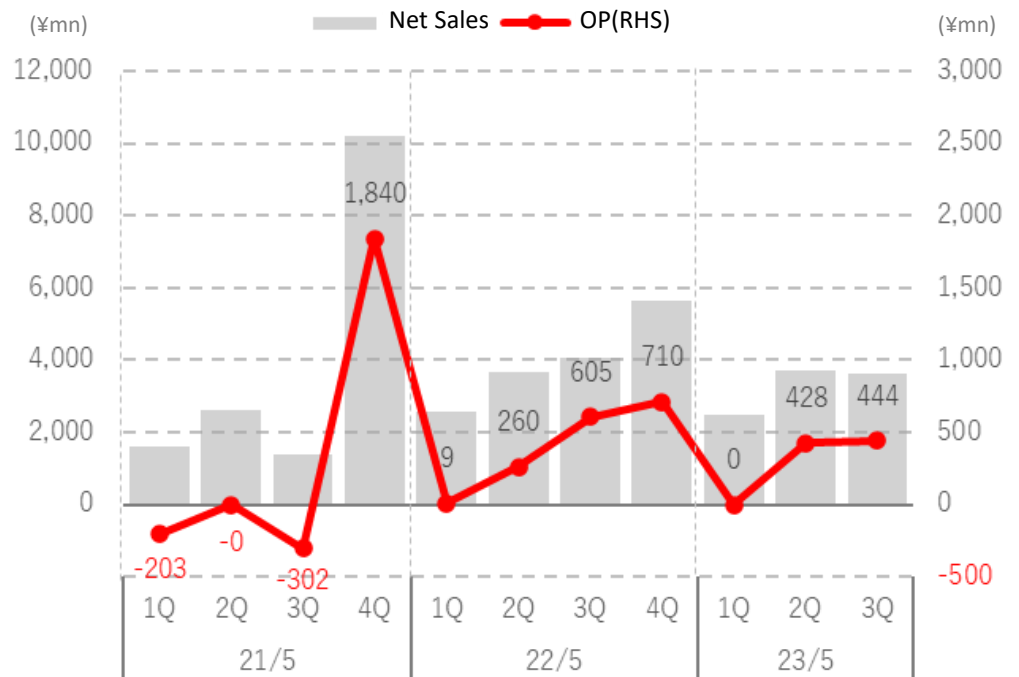
Note : Share buybacks are calculated based on the accumulated monthly amount of buybacks conducted, not on announced purchase limits

FY23/5: 3Q cumulative sales largely flat YoY; orders on hand up 8.0% YoY

In the advancement period of FY23/5, OHBA projects sales to rise 4.2% YoY to ¥16.0 bn and operating profit to increase 1.1% YoY to ¥1.6 bn. While the company expects a further decline in reconstruction-related sales as it completes the infrastructure improvement work in the Ishinomaki and Onagawa areas of Miyagi Prefecture, which it has been engaged in since the Great East Japan Earthquake struck, it expects to keep earnings flat YoY by steadily securing work related to the National Land Stabilization Policy, as well as disaster mitigation and prevention.

In cumulative 3Q (June 2022-February 2023), the company posted sales of ¥9.77 bn (-5.1% YoY) and recurring profit of ¥930 million (+0.4% YoY), with progress versus plan appearing low at 61.1% and 56.5%, respectively. However, the progress is stable as civil engineering and construction demand tends to gravitate toward the end of the fiscal year, with earnings usually skewed toward 4Q, and this is true for the advancement period as well. As of the end of February 2023, orders on hand totaled ¥11.49 bn, up 8.0% YoY (note that this figure is inconsistent with the data disclosed for the same period last year due to the change in accounting standards from the completed-contract method to the percentage-of-completion method beginning in the advancement period).

OHBA Quarterly Trends



Item	Unit	21/5 1Q	2Q	3Q	4Q	22/5 1Q	2Q	3Q	4Q	23/5 1Q	2Q	3Q
Net Sales	¥mn	1,615	2,632	1,403	10,211	2,569	3,677	4,049	5,638	2,463	3,698	3,613
YoY	%	-	-	-	-	59.0	39.7	188.5	(44.8)	(4.1)	0.6	(10.8)
Construction consultant	¥mn	1,568	2,491	1,175	10,033	2,461	3,379	3,696	5,132	2,294	3,505	3,347
YoY	%	-	-	-	-	56.9	35.7	214.6	(48.9)	(6.8)	3.7	(9.4)
Geospatial Information	¥mn	238	760	345	2,276	657	874	865	1,181	574	791	834
YoY	%	-	-	-	-	175.5	15.1	150.9	(48.1)	(12.7)	(9.5)	(3.5)
Environment	¥mn	55	92	97	352	94	150	133	294	105	184	151
YoY	%	-	-	-	-	71.8	62.1	37.6	(16.6)	11.6	22.9	12.9
Urban Planning	¥mn	571	867	297	4,877	1,124	1,367	1,553	2,104	964	1,460	1,352
YoY	%	-	-	-	-	96.9	57.8	423.7	(56.8)	(14.2)	6.8	(12.9)
Civil Engineering	¥mn	705	773	437	2,527	587	988	1,145	1,552	652	1,070	1,010
YoY	%	-	-	-	-	(16.7)	27.9	162.1	(38.6)	11.2	8.3	(11.7)
Orders received	¥mn	5,376	3,237	2,516	3,528	4,952	3,361	2,412	3,209	5,573	3,758	2,587
Geospatial Information	¥mn	766	815	706	731	983	787	588	898	1,344	952	714
Environment	¥mn	141	78	141	164	280	154	170	205	208	151	276
Urban Planning	¥mn	2,736	1,269	1,001	1,905	2,063	1,271	779	1,284	2,599	1,555	682
Civil Engineering	¥mn	1,731	1,075	668	728	1,626	1,150	875	823	1,422	1,101	915
Order backlog	¥mn	13,009	13,756	15,097	8,592	12,747	14,771	16,074	6,758	10,035	10,286	9,526
Geospatial Information	¥mn	3,219	3,275	3,636	2,091	2,830	3,262	3,598	1,476	2,242	2,417	2,288
Environment	¥mn	547	533	577	389	644	725	844	480	583	550	675
Urban Planning	¥mn	6,141	6,543	7,247	4,276	6,022	6,744	7,194	3,070	4,689	4,766	4,129
Civil Engineering	¥mn	3,102	3,404	3,636	1,837	3,251	4,040	4,438	1,732	2,521	2,554	2,434
Business Solutions	¥mn	47	141	229	178	80	276	331	458	143	167	242
YoY	%	-	-	-	-	68.9	95.4	44.8	156.9	78.7	(39.5)	(26.8)
Orders received	¥mn	109	234	73	166	165	1,539	100	197	379	133	428
Order backlog	¥mn	1,002	1,095	939	926	1,042	2,338	2,380	1,644	1,855	1,798	1,960
Lease rental income, etc.	¥mn	-	-	-	-	28	22	22	49	26	26	24
Cost of sales	¥mn	1,135	1,888	1,036	7,100	1,862	2,691	2,746	3,797	1,734	2,532	2,449
sales ratio	%	70.2	71.7	73.8	69.5	72.5	73.2	67.8	67.3	70.4	68.5	67.8
Gross profit	¥mn	481	745	368	3,111	707	986	1,303	1,842	728	1,167	1,164
sales ratio	%	29.8	28.3	26.2	30.5	27.5	26.8	32.2	32.7	29.6	31.5	32.2
SG&A expenses	¥mn	684	745	670	1,271	698	727	698	1,132	728	739	721
sales ratio	%	42.3	28.3	47.7	12.5	27.2	19.8	17.2	20.1	29.6	20.0	19.9
Operating profit	¥mn	(203)	(0)	(302)	1,840	9	260	605	710	0	428	444
sales ratio	%	(12.6)	(0.0)	(21.5)	18.0	0.3	7.1	14.9	12.6	0.0	11.6	12.3

Source: compiled by SIR from the company's IR materials.

Growth Strategy

Overview: Focus on human capital strategy to expand sales and use of cash generated

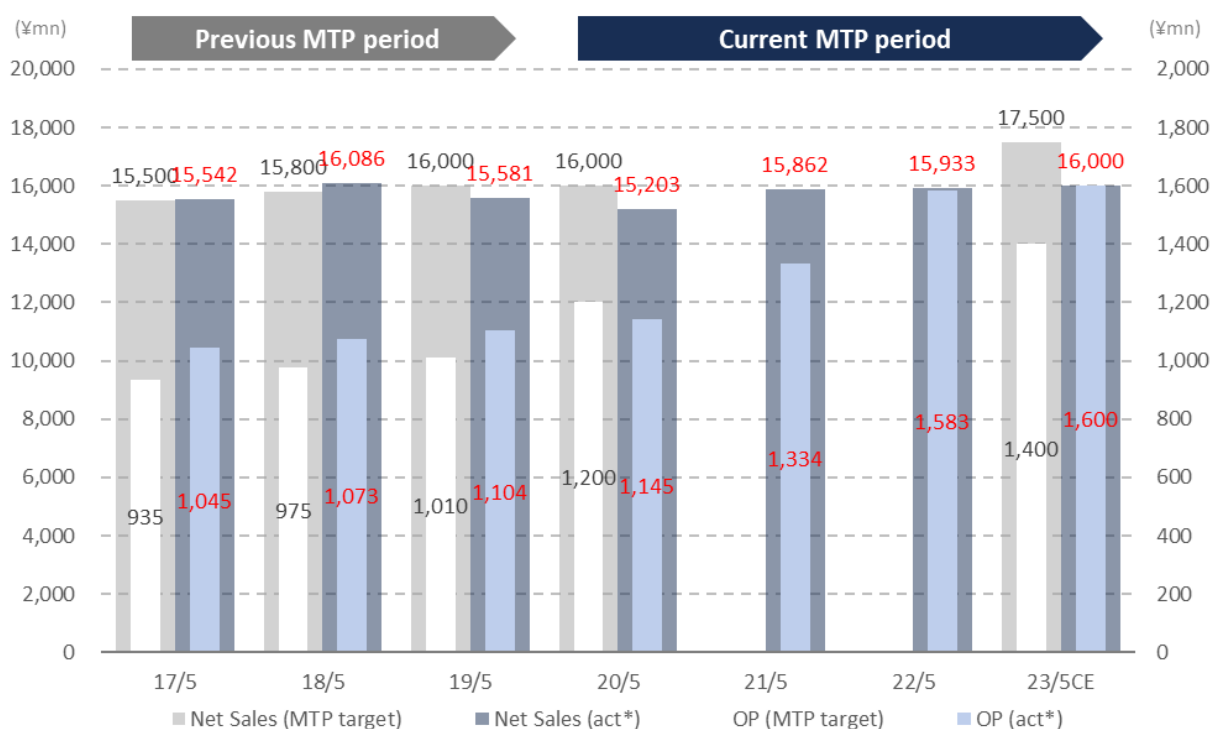
Since the current medium-term management plan runs through FY23/5 and a new medium-term management plan is expected to be announced in the near future, this report will focus on OHBA's corporate strategy and results to date.

The current medium-term plan was formulated as a four-year plan covering the period from FY19/5 to FY23/5. The targets called for sales to grow at a 4-year CAGR of 2.9% to ¥17.50 bn and operating profit to rise at a 6.1% CAGR to ¥1.40 bn, which would cover the winding down of the special reconstruction demand while still making a steady growth trajectory. Meanwhile, the company expects sales to reach ¥16.0 bn and operating profit to reach ¥1.6 bn in FY23/5, with operating profit set to exceed targets thanks to a substantial improvement in profitability, despite missing the sales target.

One of the key areas of focus for the new medium-term plan will likely be OHBA's human capital strategy. While the current medium-term plan focuses on maximizing existing resources to improve profitability, the company's efforts to create new resources (expand employee count) were limited, and sales growth was sluggish as a result. It will be interesting to monitor the company's policies and strategies for recruiting new graduates and mid-career professionals as well as for further strengthening its internal training system.

Aside from organic growth, the company's allocation of cash generated, such as for non-organic growth through M&A or boosting shareholder returns, will be a point of focus. Since the previous medium-term management plan covering the period from FY17/5 to FY19/5, the company has been pursuing M&A as one of its management strategies, including both lateral M&A to secure economies of scale by acquiring peers and vertical M&A to supplement complementary functions such as an architectural design division, but has yet to carry out an M&A deal. As for shareholder returns, the total return ratio is already high at 50%, but the company has no interest-bearing debt and the medium-term risk of a cash surplus has increased, and it may need to dig deeper if it has trouble looking for reinvestment opportunities.

Earnings Targets and Actual Results of Past MTP



Source: compiled by SIR from the company's IR materials.

Note: FY18/5 sales of ¥16,086 mn include ¥2,091 mn in proceeds from the sale of real estate. The company's forecast figures are used for FY23/5.

Topic: Look at trends in inbound investment and defense initiatives by foreign companies

Investors should keep a close eye on OHBA's participation in inbound investment projects by foreign companies, which it has been gradually focusing on, as it could be a factor in boosting earnings. Although there have not been many cases where the company was openly involved in major projects, the Prologis Park Inagawa project undertaken by US-based logistics facility developer ProLogis, is one example of a flagship project that the company spearheaded together with Hyogo Prefecture and the town of Inagawa. This was a major project with a total project area of approximately 450,000 m² that started around 2017 and gradually reached completion in the latter half of 2021. OHBA was chosen as a partner because of its past experience in urban planning and its ability to effectively negotiate with the government, and the project serves as a good example of OHBA's contribution to the local community. It is worth noting that the company has been encouraging its employees to acquire the APEC Engineer certification, an international certification for construction consultants, and is gradually expanding its pool of certified APEC Engineers with the aim of boosting its appeal to foreign companies.

In addition, investors should also take note of macro trends such as securing projects in the defense sector. The Japanese government has announced in its Defense Force Development Plan that it will increase its budget to boost defense capabilities for the five-year period beginning in 2023. The company has deepened its involvement in defense-related projects, such as the Okinawa Defense Bureau's Schwab Supervision Project, and has the potential to expand its earnings as the government increases its budget.

Rendering of Prologis Park Inagawa project

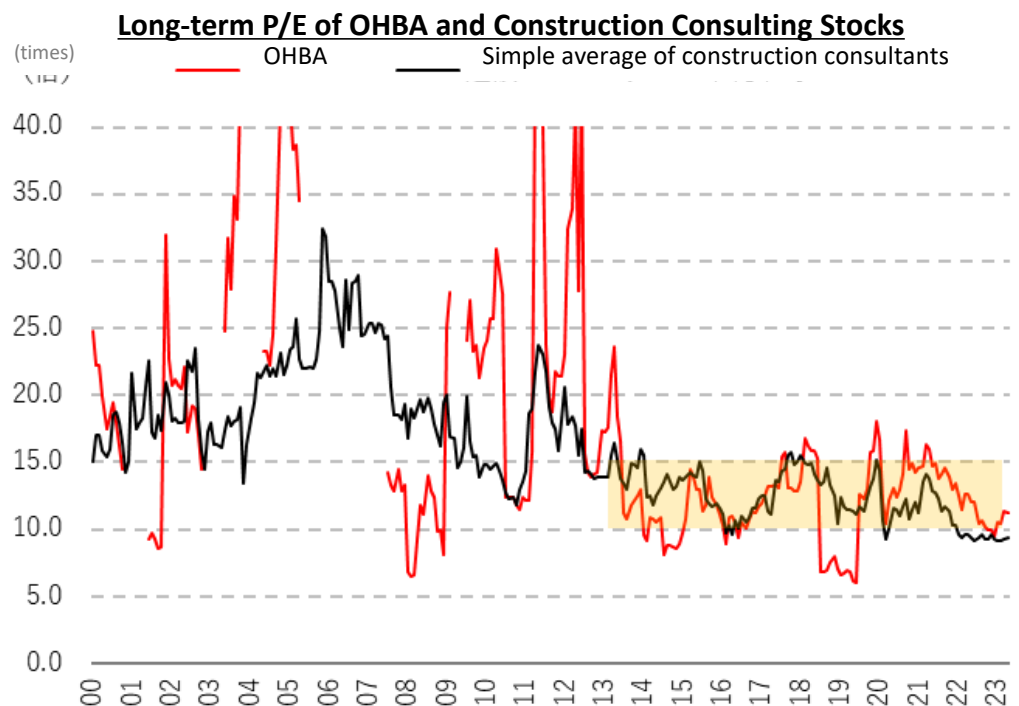
Source: Excerpt from the website of Inagawa-cho, Hyogo Prefecture

Valuation

Overview: Average P/E ratio of construction consulting stocks remains stable at 10-15x

When assessing OHBA's valuation, comparable companies include the many other listed construction consulting companies. Although there are differences in business domains and the distribution of public versus private sector work, these companies are suitable for comparison given the similarities in their growth and stability of business linked to overall construction demand (civil engineering) in Japan, as well as the similarity in terms of earnings structure.

The company's P/E ratio has been stable in the 10-15x range since 2001, when the macroeconomic environment turned favorable, and the company began to secure a certain level of profit. This is also true for the simple average of the 17 comparable companies. The short-term P/E fluctuations and momentum of both are almost the same, suggesting that valuation levels of construction consulting stocks are always compared side by side in the secondary market. In addition, the average P/E of Japanese stocks during this period was roughly the same at around 13x, which seems reasonable when considering that there were no significant factors warranting a premium or discount compared to the overall Japanese stock market given the growth potential of the industry or earnings opportunities (risk premium).



Source: compiled by SIR from the company's IR materials.

Note: The simple average of construction consulting companies incorporates the P/E ratio for 17 companies, including Nippon Koei (1954) / EJ Holdings (2153; formerly Eight Consultants (formerly 4742) / NJS (2325) / Oriental Consultants Holdings (2498) / Kitac Corporation (4707) / Triis (4840) / Wesco Holdings (6091) / Founder's Consultants Holdings (6542) and one of its predecessors, Fukuyama Consultants (formerly 9608) / Meiho Holdings (7369) / DN Holdings (7377) and one of its predecessors, Dainippon Consultant (9797) / Pasco (9232) / Asia Air Survey (9233) / People, Dreams, and Technologies Group (9248) and one of its predecessors, Chodai (formerly 9624) / CTI Engineering (9621) / Kyowa Engineering Consultants (9647) / OYO Corporation (9755) / Idea Consultants (9768). In addition, outliers with P/Es exceeding 50 were excluded from the average value calculation.

Valuation: Companies that are proactive about shareholder returns tend to be given a valuation premium

When taking a closer look, OHBA's P/E has been at a slight premium to the average for construction consulting companies since around 2020, and one of the reasons for this is that its high shareholder returns have begun to be recognized. The company has declared a 50% total shareholder return policy since this time, which is the second highest among construction consulting companies after OYO Corporation (9755), which targets a dividend payout ratio of 40-60% and has flexibly carried out share repurchases that put the shareholder return ratio above 100% in some periods.

Shareholder Return Policies of Construction Consultant Companies

Code	Company	Most recent FY	Shareholder Return Policies
1954	Koei	FY22/6	Target dividend payout ratio of 30%. Plans to repurchase shares as appropriate. Last share buyback conducted in March 2021.
2153	E • J Holdings	FY22/5	Target dividend on equity ratio of 3%. Equivalent to a dividend payout ratio of approximately 20-25%.
2325	NJS	FY22/12	No target disclosed. Recent and planned dividend payout ratio around 40%.
2498	Oriental Consultants Holdings	FY22/9	No target disclosed. Recent and planned dividend payout ratios around 15-20%. Also conducted share buybacks equivalent to a payout ratio of less than 20% every fiscal year in recent years.
6091	Wesco Holdings	FY22/7	No target disclosed. Recent and planned dividend payout ratio around 30%. Last share buyback conducted in March 2021.
6542	FC Holdings	FY22/6	No target disclosed. Recent and planned dividend payout ratio around 15-20%.
7369	Meiho Holdings	FY22/6	No dividends.
9797	DN Holdings	FY22/6	Current consolidated dividend payout ratio target of at least 30%. May also conduct share buybacks as appropriate. No payout since merger.
9232	PASCO	FY22/3	No target disclosed. Recent and planned dividend payout ratio around 20%.
9233	Asia Air Survey	FY22/9	Target dividend payout ratio of 20-30%.
9248	People, Dreams & Technologies Group	FY22/9	Aiming for the higher of dividend payout ratio of 25% or DPS of ¥40. Announced share buybacks on May 15, 2023
9621	CTI Engineering	FY22/12	Aiming for dividend payout ratio of 30%. Also conducted share buybacks equivalent to a payout ratio of approximately 15% in February and March 2023.
9647	KYOWA ENGINEERING CONSULTANTS	FY22/11	No target disclosed. Recent and planned dividend payout ratio around 5%.
9755	OYO	FY22/12	Aiming for stable consolidated dividend payout ratio of 40%-60%. Payout ratio temporarily exceeded 60% in FY12/22 when earnings slumped, but was around 40% in FY12/21 and plans for 40% in FY12/23. Also flexibly conducts share buybacks.
9765	OHBA	FY22/5	Aiming for a total shareholder return ratio of 50%.
9768	IDEA Consultants	FY22/12	No target disclosed. Recent and planned dividend payout ratio around 15-20%.

Source: compiled by SIR from the company's IR materials.

Some companies have single digit P/E ratios, which, by comparison, make OHBA's P/E ratio in the 10x range appear to be relatively high. However, given that OYO Corporation, which has the highest level of shareholder returns, is valued at nearly 20x, it would not be surprising if the company were also valued at a premium.

Furthermore, if the company announces a new medium-term management plan starting from FY24/5 and presents a compelling case for earnings growth, this may warrant a higher valuation on a 1-year forward P/E basis in anticipation of rising EPS over the medium term. Seeing that the company has generally surpassed its profit targets in its past medium-term management plans while missing its top-line targets, investors should keep a close eye on whether the company has better odds of expanding sales now that it has improved profitability.

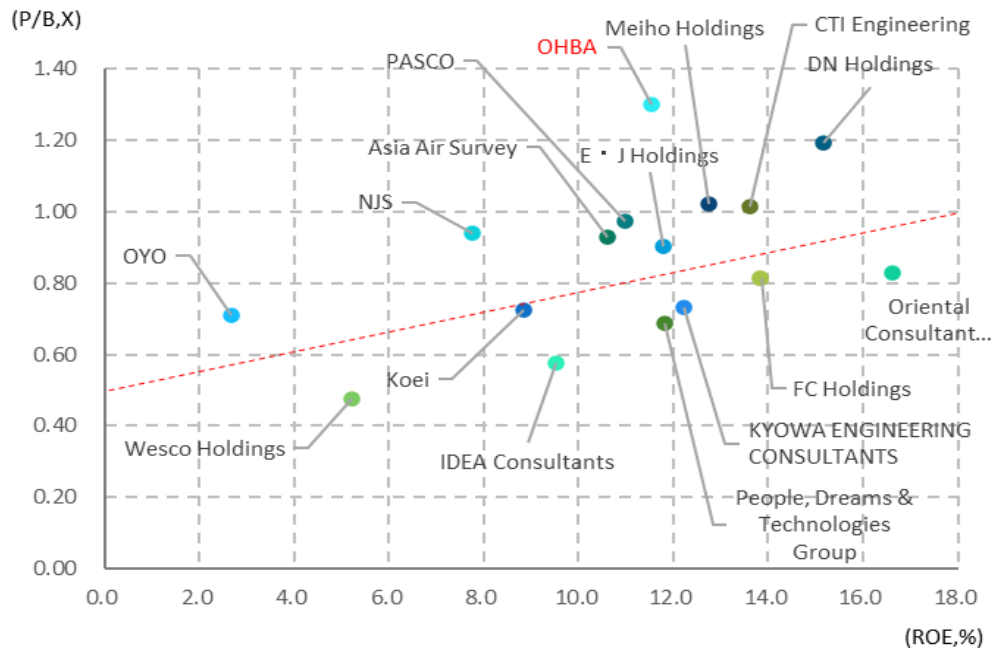
On the other hand, the company is the most highly valued on a P/B basis. OHBA trades at about 1.3x, followed by DN Holdings (7377) at about 1.2x, and all other stocks are at or below 1.0x P/B. The company's sustained improvement in profitability, aggressive shareholder return policy, and resulting high ROE level are likely the main reasons for the high valuation.

Risks

Watch for continuity of factors that drive valuation premium relative to peers

Some of OHBA's performance risks include (1) difficulty in recruiting human resources, (2) natural disasters, and (3) high dependence on sales to specific businesses or sectors such as government agencies. In terms of valuation, the company's P/E and P/B ratios are at a slight premium to the industry average, so the company should be concerned about the risk of capital efficiency declining and valuation levels being cut due to lower profitability and excess retained capital.

ROE and PBR Correlations for Construction Consulting Companies



Code	Company	EOFY	Stock price	Market value	P/E			PBR	Net Cash	Ord. Profit	Ord. Profit margin		
			(5/26)	(5/26)	FY21	FY22E	FY23E	Most recent FY	Most recent FY	FY21	FY21	FY22E	FY23E
-	-	-	yen	¥mn			X	X	¥mn				%
9765	OHBA	May	777	13,403	11.8	11.5	-	1.30	1,956	1,654	19.9	(0.2)	-
-	Construction Consultants Average	-	-	-	9.4	9.4	10.0	0.86	-	-	19.4	6.6	(0.2)
1954	Nippon Koei	Jun.	3,835	57,789	8.8	8.6	-	0.72	(23,750)	9,065	27.2	24.7	-
2153	E-J Holdings	May	1,590	25,565	8.1	7.9	-	0.90	17,485	4,706	16.1	2.0	-
2325	NJS	Dec.	2,268	22,789	11.2	12.5	12.0	0.94	13,979	2,859	14.0	(29.6)	35.7
2498	Oriental Consultants HD	Sep.	2,648	16,222	9.0	5.6	6.2	0.83	(1,641)	3,476	37.0	24.7	(12.4)
4707	KITAC CORPORATION	Oct.	297	1,773	53.4	18.4	11.4	0.58	(1,872)	36	(86.4)	280.6	62.8
4840	Triis Incorporated	Dec.	460	3,818	(15.2)	7.6	(186.2)	0.68	808	(222)	TR	RS	BE
6091	Wesco Holdings	Jul.	492	8,720	9.4	9.3	10.5	0.48	6,664	1,057	19.2	17.8	(8.4)
6542	FC Holdings	Jun.	861	5,269	6.3	6.2	-	0.81	658	1,161	23.6	3.4	-
7369	Meiho Holdings	Jun.	1,217	1,902	8.5	12.7	-	1.02	287	397	(1.5)	(14.4)	-
7377	DN Holdings	Jun.	1,481	12,470	7.9	7.6	-	1.19	3,301	2,202	-	4.5	-
9232	PASCO	Mar.	1,578	22,752	9.3	6.7	-	0.97	(13,773)	4,113	(11.4)	(2.7)	-
9233	Asia Air Survey	Sep.	879	16,362	9.2	9.2	-	0.93	3,293	2,563	12.2	7.1	-
9248	People, Dreams & Technologies Group	Sep.	1,543	14,529	-	5.9	11.4	0.69	6,187	-	-	-	(37.0)
9621	CTI Engineering	Dec.	3,405	48,212	10.8	8.2	9.8	1.01	19,700	7,118	36.5	15.7	(11.4)
9647	KYOWA ENGINEERING CONSULTANTS	Nov.	3,640	2,133	7.9	6.6	6.3	0.73	1,632	463	45.6	18.6	5.6
9755	OYO	Dec.	2,055	52,740	18.2	27.3	16.4	0.71	17,672	4,179	32.8	(27.4)	48.4
9768	IDEA Consultants	Dec.	1,649	12,366	5.7	5.5	7.1	0.58	3,019	2,107	(0.1)	55.6	(21.9)

Code	Company	EOFY	ROE		Ord. Profit margin		Asset turnover		Equity ratio		Payout ratio		Dividend return
			FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	current period
-	-	-		%		%	Times			%		%	%
9765	OHBA	May	11.5	-	10.4	10.3	1.13	-	68.2	-	34.3	32.0	2.77
-	Construction Consultants Average	-	10.8	9.9	8.9	8.9	1.04	0.97	57.8	63.3	21.7	25.0	2.72
1954	Nippon Koei	Jun.	8.8	-	6.9	7.8	0.79	-	44.9	-	28.6	28.1	3.33
2153	E-J Holdings	May	11.8	-	12.8	13.0	0.96	-	70.2	-	21.8	24.7	3.14
2325	NJS	Dec.	9.3	7.8	14.8	10.5	0.73	0.69	78.0	81.7	32.1	41.4	3.53
2498	Oriental Consultants HD	Sep.	13.1	16.6	5.1	5.6	1.40	1.47	28.0	33.9	17.0	15.4	2.74
4707	KITAC CORPORATION	Oct.	1.2	3.3	1.4	5.1	0.47	0.48	48.7	49.5	89.9	30.9	1.68
4840	Triis Incorporated	Dec.	(5.5)	10.1	(22.1)	(29.0)	0.2	0.1	63.2	84.4	(39.5)	0.0	TBD
6091	Wesco Holdings	Jul.	5.5	5.2	7.7	7.9	0.71	0.79	73.7	75.1	30.4	30.4	3.25
6542	FC Holdings	Jun.	13.8	-	13.6	13.8	0.93	-	67.6	-	18.2	15.7	2.56
7369	Meiho Holdings	Jun.	12.7	-	6.5	4.7	1.80	-	50.1	-	0.0	0.0	0.00
7377	DN Holdings	Jun.	15.2	-	6.9	6.8	1.64	-	50.6	-	37.1	31.0	4.05
9232	PASCO	Mar.	11.0	-	7.3	6.9	0.83	-	33.5	-	23.5	19.1	2.85
9233	Asia Air Survey	Sep.	10.6	-	7.9	8.1	1.14	-	59.1	-	26.1	29.3	3.41
9248	People, Dreams & Technologies Group	Sep.	-	11.8	-	10.3	-	1.12	-	59.0	0.0	25.2	2.59
9621	CTI Engineering	Dec.	12.3	13.6	9.6	9.9	1.10	1.15	53.8	64.8	19.0	24.1	2.94
9647	KYOWA ENGINEERING CONSULTANTS	Nov.	11.8	12.2	6.3	7.1	1.04	1.09	33.7	40.8	6.5	5.4	0.82
9755	OYO	Dec.	4.2	2.7	8.1	5.1	0.61	0.67	81.0	78.3	40.7	63.7	2.43
9768	IDEA Consultants	Dec.	10.8	9.5	10.2	14.2	0.76	0.75	74.1	72.7	12.0	14.9	3.03

Source: compiled by SIR from the company's IR materials.

Note: Operating profit used instead of recurring profit for Nippon Koei, which reports under IFRS IFRS accounting standards. Kitac Corporation and Triis are excluded from the construction consulting average calculations as their recent earnings are not stable.

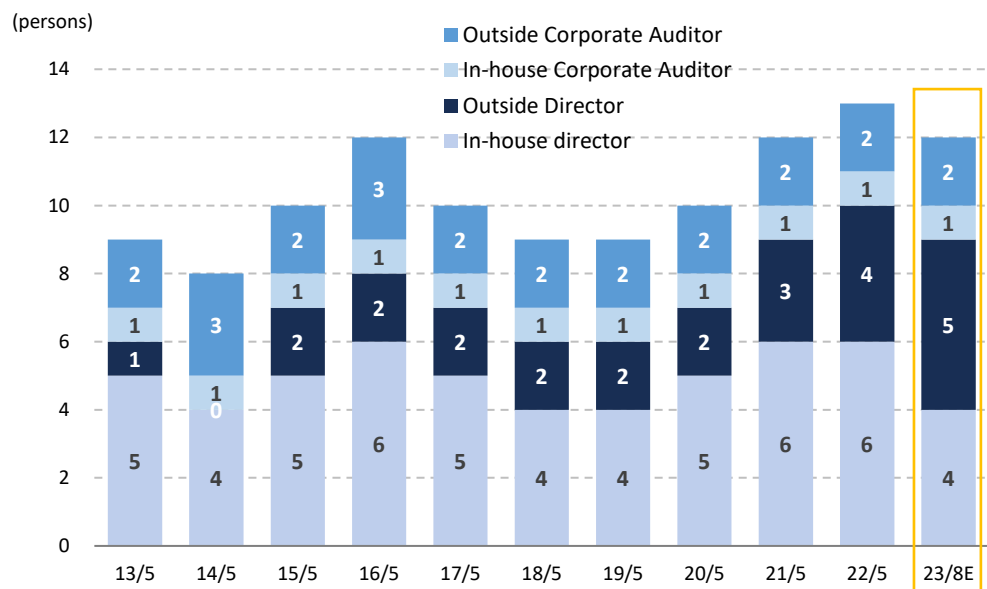
Governance and Shareholders

Overview: Ratio of outside directors has been raised gradually in the past

Over the past 10 years, OHBA has gradually strengthened its governance. After approval at the General Meeting of Shareholders, it is expected that the majority of directors and corporate auditors appointed will be from outside the company as of August 2023. While two of the company's directors, including the representative director, are from the founding family, the company has voluntarily increased the ratio of outside directors, thereby introducing diverse perspectives and increasing management transparency, which is a positive development. It also has one female director and is working to further diversify its board.

The founding family holds less than 10% of the company shares. The company's major shareholders include Mitsui Fudosan, Sumitomo Mitsui Trust Bank, and Pacific Consultants, with are important long-term business partners, but each of these companies hold less than 5% of shares, most of which are tradable shares held by institutional and individual investors.

Number of Directors and Auditors



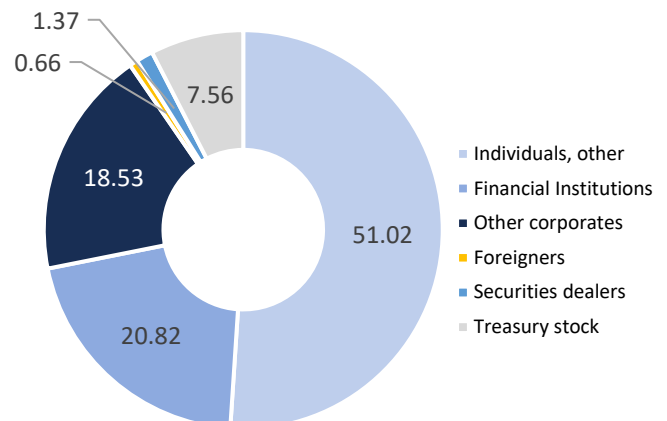
Source: compiled by SIR from the company's IR materials.

Note: Each data refers to the end of May. One of the directors is female.

Major shareholders and Shares by type of ownership (as of November 30, 2022)

Shareholder Name	number of shares (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan (Trust A/C)	819	5.06
Mitsui Fudosan	727	4.49
Mizuho Bank	662	4.09
Sumitomo Mitsui Trust Bank	662	4.09
PACIFIC CONSULTANTS	628	3.88
Shigenori Ohba	454	2.80
Akinori Ohba	452	2.79
Takako Kuroki	442	2.73
Ohba Suppliers Shareholding Association	439	2.71
Nippon Life Insurance	331	2.05

Source: compiled by SIR from the company's IR materials.



No.	Position	Name	Main Career History		
			Year	Month	Event
1	Representative Director, President	Shigeru Tsujimoto	1979	Apr.	Joined Overseas Oil Development Co., Ltd.
			1987	Nov.	Joined The Mitsui Trust and Banking Co., Ltd.
			2003	Mar.	Senior Advisor of the Company
			2005	Jul.	Director, Executive Officer, General Manager of Financial Dept., and General Manager of Project Development Dept.
			2006	Jun.	Director, Executive Officer, General Manager of Financial Dept., and General Manager of Project Development Dept.
			2010	Jun.	Managing Director, Managing Executive Officer, in charge of Finance, Planning and Business Solution, and General Manager of Sales Division
			2013	Aug.	Representative Director
			2016	Jun.	Representative Director, President, and CEO
			2020	Aug.	Representative Director, President (current position)
2	Director, Senior Managing Executive Officer	Toshinori Ohba	1996	Apr.	Joined the Company, Sales Department of Nagoya branch
			2008	Jun.	Seconded to Mitsui Fudosan Co., Ltd.
			2013	Apr.	General Manager in charge of Sales Division and General Manager in charge of Business Department of Business Solution Division of the Company
			2015	Jun.	General Manager of Planning Department of Planning Division
			2017	Jun.	Executive Officer, Deputy General Manager of Sales Division
			2017	Dec.	Executive Officer, Deputy General Manager of Sales Division, and General Manager of Strategic Sales Department
			2018	Jun.	Senior Executive Officer, Deputy General Manager of Sales Division, and General Manager of Strategic Sales Department
			2019	Jun.	Senior Executive Officer, Deputy General Manager of Sales Division, and General Manager of New Business Promotion Office
			2019	Dec.	Senior Executive Officer, General Manager of Planning Division
			2020	Aug.	Director, Executive Officer, General Manager of Planning Division (in charge of Personnel, General Affairs and IT)
			2021	Jun.	Managing Director, Executive Officer, General Manager of Planning Division (in charge of Personnel, General Affairs and IT)
			2022	Jun.	Director, Senior Managing Executive Officer, General Manager of Planning Division (in charge of Personnel, General Affairs and IT) (current position)
3	Director, Senior Managing Executive Officer	Naohiko Hanabusa	1984	Apr.	Joined Ministry of Construction
			1998	Sep.	Assistant Director, City Planning Division, City Bureau of Ministry of Construction Manager, Tokyo Planning and Development Department, Corporate Planning Division of Central Japan Railway Company
			2000	Jul.	Senior Deputy Director, Street Division, City and Regional Development Bureau of Ministry of Land, Infrastructure, Transport and Tourism
			2004	Jul.	Deputy Mayor of Gifu City
			2007	Apr.	Director for Street Project Coordination, Urban Transport Facilities Division, City and Regional Development Bureau of Ministry of Land
			2010	Apr.	Deputy Mayor of Nakano City
			2013	Apr.	Deputy Mayor of Nakano City
			2015	Jul.	Director, Urban Development and Improvement Division, City Bureau of Ministry of Land, Infrastructure, Transport and Tourism
			2017	Jul.	General Manager of Urban Renaissance Agency
			2019	Jul.	Director-General, Miyagi Reconstruction Bureau of Reconstruction Agency
			2021	Oct.	Special Advisor of the Company
			2022	Aug.	Director, Senior Managing Executive Officer (in charge of Internal Control and Compliance) (current position)
4	Director, Executive Officer	Ikuyoshi Minoda	1986	Apr.	Joined the Company, Water Works Design Department of Tokyo branch
			2014	Feb.	General Manager of Design Department of Tokyo branch
			2016	Jun.	Deputy Branch Manager of Tokyo branch
			2018	Jan.	Deputy General Manager of Engineering Division
			2018	Dec.	Executive Officer, Deputy General Manager of Engineering Division
			2020	Dec.	Senior Executive Officer, Deputy General Manager of Engineering Division
			2021	Jun.	Senior Executive Officer, General Manager of Engineering Division
			2021	Aug.	Director, Executive Officer, General Manager of Engineering Division (current position)
5	Outside Independent Director	Toru Nanki	1975	Apr.	Joined Ministry of Finance
			1992	Jul.	Director, Planning Division, Secretariat of Japan Fair Trade Commission
			1999	Jul.	Councilor, Cabinet Secretariat (Cabinet Councilors' Office on Internal Affairs)
			2005	Sep.	Director-General, Tokyo Customs
			2012	Dec.	Registered as attorney-at law Joined Sugii Law Office (current position)
			2013	Jun.	Outside Audit & Supervisory Board Member of Tokura Corporation
			2014	Aug.	Outside Director of the Company (current position)
			2015	Jun.	Outside Director of Tokura Corporation (current position)

No.	Position	Name	Main Career History		
			Year	Month	Event
6	Outside Independent Director	Motoyasu Kato	1988	Apr.	Joined Mitsui Fudosan Co., Ltd.
			2018	Apr.	Managing Officer, General Manager of Kashiwanoha Urban Planning and Development Department
			2019	Apr.	Managing Officer, General Manager of Development Planning Department and General Manager of Toyosu-Project Development Planning Department
			2019	Aug.	Outside Director of the Company (current position)
			2022	Apr.	Executive Managing Officer, General Manager of Development Planning Department and General Manager of Toyosu-Project Development Planning Department of Mitsui Fudosan Co., Ltd.
7	Outside Independent Director	Keiko Unotoro	1977	Apr.	Joined Japan Fair Trade Commission
			2000	Apr.	Part-time lecturer, Graduate School of Economics of Senshu University (current position)
			2012	Nov.	Advisor, Oh-Ebashi LPC & Partners (current position)
			2013	Jun.	Outside Director of Olympus Corporation
			2015	Mar.	Outside Director of Bridgestone Corporation
			2019	Jun.	Outside Director of San-Ai Oil Co., Ltd. (currently, San-Ai Obbli Co., Ltd.) (current position)
			2020	Apr.	Outside Director (Audit and Supervisory Committee Members) of OS Co., Ltd.
			2020	Aug.	Outside Director of the Company (current position)
			2021	Jun.	Member of the Public Security Examination Commission (current position)
8	Outside Independent Director	Mikito Nagai	2021	Mar.	Outside Director of Frontier Management Inc. (current position)
			1978	Apr.	Joined The Industrial Bank of Japan, Limited
			2011	Apr.	Director, Deputy President
			2013	May	Executive Vice President of Nippon Steel Kowa Real Estate Co., Ltd.
			2014	Jun.	President and CEO
			2019	Jun.	Outside Director (Audit and Supervisory Committee Member) of OKASAN SECURITIES GROUP INC. (current position)
			2020	Jun.	Outside Board Member of Nippon Suisan Kaisha Ltd. (current position)
			2021	Jun.	Outside Director of Tohoku Electric Power Co., Inc. (current position)
9	Outside Independent Director	Yuji Shimanaka	2021	Aug.	Outside Director of the Company (current position)
			1978	Apr.	Joined The Sanwa Bank, Limited
			2000	Apr.	General Manager of Investment Research Department and Principal Researcher of Sanwa Research Institute Corp
			2006	Jun.	General Manager of Investment Research Department and Principal Researcher of Mitsubishi UFJ Research and Consulting Co., Ltd.
					Councilor, Chief Economist of Business Cycle Research of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
			2010	May	Member, Committee for Business Cycle Indicators, Economic and Social Research Institute of the Cabinet Office
10	Full-time Corporate Auditor	Yasutoshi Ihara			Vice President of The Japan Association of Business Cycle Studies
			2022	Aug.	Outside Director of the Company (current position)
			1986	Apr.	Joined the company
			2010	Jun.	Vice Branch Manager of Nagoya branch, City Planning Department, General Affairs Manager and Deputy Quality control manager
			2018	Sep.	Vice Branch Manager of Kyusyu branch
			2018	Dec.	Senior Executive Officer, Kyusyu Branch Manager
11	Outside Audit & Supervisory Board Member	Ryunosuke Irei	2021	Dec.	Senior Executive Officer, Nagoya Branch Manager (current position)
			2023	Aug.	Audit & Supervisory Board Member of the Company (be appointed)
			2000	Oct.	Passed the bar examination
			2002	Oct.	Registered as attorney-at law, Admitted to the Tokyo Bar Association
			2009	Apr.	Joined Irei Law Office (current position)
12	Outside Audit & Supervisory Board Member	Kunitaro Kitamura	2011	Aug.	Outside Audit & Supervisory Board Member of the Company (current position)
			1977	Apr.	Joined The Mitsui Trust and Banking Co., Ltd.
			2003	Jul.	Executive Officer and General Manager, Loan Planning Department of The Chuo Mitsui Trust and Banking Co., Ltd.
			2012	Apr.	Representative Director and President of Sumitomo Mitsui Trust Holdings, Inc
			2017	Jun.	Outside Director of FUJIFILM Holdings (current position)
			2019	Jun.	Outside Director of Asagami Corporation (current position)
			2021	Apr.	Special Advisor of Sumitomo Mitsui Trust Bank (current position)
			2023	Aug.	Outside Audit & Supervisory Board Member of the Company (be appointed)

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	CE 23/5
Net Sales	¥mn	14,113	15,402	15,480	15,542	16,086	15,581	15,203	15,862	15,933	16,000
YoY	%	14.6	9.1	0.5	0.4	3.5	-3.1	-2.4	4.3	0.4	0.4
Orders Received	¥mn	-	-	-	-	16,918	15,377	15,752	15,239	15,936	-
Government and private sector, etc.	¥mn	-	-	-	-	11,906	12,883	14,294	14,304	15,421	-
Earthquake reconstruction-related	¥mn	-	-	-	-	2,920	2,494	1,457	935	514	-
Sales of Company-owned Real Estate	¥mn	-	-	-	-	2,092	0	0	0	0	-
Construction consultant	¥mn	12,662	13,402	13,613	13,847	13,417	14,936	14,123	15,267	14,668	-
YoY	%	17.6	5.8	1.6	1.7	-3.1	11.3	-5.4	8.1	-3.9	-
Geospatial Information	¥mn	2,830	2,785	2,949	2,575	2,794	2,898	3,138	3,619	3,577	-
YoY	%	20.5	-1.6	5.9	-12.7	8.5	3.7	8.3	15.3	-1.2	-
Environment	¥mn	1,226	744	1,092	1,056	588	758	657	596	670	-
YoY	%	17.8	-39.3	46.8	-3.3	-44.3	29.0	-13.3	-9.3	12.5	-
Urban Planning	¥mn	6,125	7,143	6,742	6,952	6,620	6,910	5,908	6,611	6,149	-
YoY	%	21.9	16.6	-5.6	3.1	-4.8	4.4	-14.5	11.9	-7.0	-
Civil Engineering	¥mn	2,480	2,729	2,831	3,264	3,415	4,369	4,420	4,441	4,272	-
YoY	%	5.7	10.1	3.7	15.3	4.7	27.9	1.2	0.5	-3.8	-
Orders Received	¥mn	12,763	13,516	13,778	14,106	14,262	14,573	14,417	14,657	13,934	-
Geospatial Information	¥mn	2,778	2,886	2,580	2,865	2,839	2,961	4,048	3,019	3,255	-
Environment	¥mn	1,541	1,188	1,346	747	654	593	535	525	809	-
Urban Planning	¥mn	5,868	6,854	7,091	6,965	6,719	6,461	5,758	6,911	5,397	-
Civil Engineering	¥mn	2,575	2,589	2,762	3,528	4,050	4,559	4,077	4,203	4,473	-
Order Backlog	¥mn	7,495	7,609	8,166	8,425	9,271	8,908	9,202	8,592	6,758	-
Geospatial Information	¥mn	1,536	1,637	1,383	1,673	1,719	1,782	2,691	2,091	1,476	-
Environment	¥mn	1,005	978	990	682	748	582	460	389	480	-
Urban Planning	¥mn	3,791	3,922	4,463	4,476	4,575	4,126	3,975	4,276	3,070	-
Civil Engineering	¥mn	1,163	1,072	1,329	1,594	2,229	2,418	2,075	1,837	1,732	-
Business Solutions	¥mn	1,451	2,000	1,866	1,695	2,670	645	1,079	595	1,145	-
YoY	%	-6.3	37.8	-6.7	-9.2	57.5	-75.8	67.3	-44.8	92.3	-
Orders Received	¥mn	1,848	1,811	1,672	986	2,656	804	1,334	582	2,001	-
Order Backlog	¥mn	1,633	1,444	1,249	540	526	685	940	926	1,644	-
Lease Rental Income, etc.	¥mn	0	0	0	0	0	0	0	0	120	-
Cost of Sales	¥mn	11,119	11,944	11,775	11,835	12,361	11,520	11,012	11,158	11,095	-
sales ratio	%	78.8	77.5	76.1	76.2	76.8	73.9	72.4	70.3	69.6	-
Cost of Sales (Non-consolidated)	¥mn	10,715	11,506	11,421	11,521	11,972	11,109	10,630	10,649	10,643	-
sales ratio	%	79.4	77.7	76.4	76.7	77.3	74.5	72.9	70.5	69.9	-
Material Cost	¥mn	299	348	251	278	243	241	272	394	732	-
sales ratio	%	2.2	2.3	1.7	1.9	1.6	1.6	1.9	2.6	4.8	-
Labor Cost	¥mn	2,967	3,587	3,668	3,807	3,800	3,890	3,624	3,442	3,410	-
sales ratio	%	22.0	24.2	24.5	25.4	24.5	26.1	24.9	22.8	22.4	-
Outsourcing cost	¥mn	4,937	6,178	6,564	6,038	5,605	5,655	5,602	4,854	5,520	-
sales ratio	%	36.6	41.7	43.9	40.2	36.2	37.9	38.4	32.1	36.3	-
Other Costs	¥mn	1,176	1,186	1,164	1,164	1,069	1,325	1,245	982	992	-
sales ratio	%	8.7	8.0	7.8	7.8	6.9	8.9	8.5	6.5	6.5	-
Other Increase(Decrease) in inventory, etc.	¥mn	1,336	208	-226	235	1,256	-2	-113	978	-11	-
sales ratio	%	9.9	1.4	-1.5	1.6	8.1	-0.0	-0.8	6.5	-0.1	-
Cost of Sales*	¥mn	405	438	353	314	388	411	382	509	453	-
sales ratio	%	66.2	73.1	65.6	59.6	65.8	61.1	61.4	67.0	64.1	-
Gross Profit	¥mn	2,994	3,458	3,705	3,707	3,725	4,061	4,191	4,704	4,838	-
sales ratio	%	21.2	22.5	23.9	23.8	23.2	26.1	27.6	29.7	30.4	-
SG&A Expenses	¥mn	2,411	2,668	2,789	2,661	2,652	2,957	3,046	3,370	3,255	-
sales ratio	%	17.1	17.3	18.0	17.1	16.5	19.0	20.0	21.2	20.4	-
Salary Allowance	¥mn	1,164	1,326	1,347	1,249	1,275	1,349	1,453	1,548	1,616	-
sales ratio	%	8.2	8.6	8.7	8.0	7.9	8.7	9.6	9.8	10.1	-
Other	¥mn	1,247	1,342	1,442	1,412	1,377	1,608	1,593	1,822	1,638	-
sales ratio	%	8.8	8.7	9.3	9.1	8.6	10.3	10.5	11.5	10.3	-
Operating Profit	¥mn	583	790	916	1,045	1,074	1,104	1,145	1,334	1,583	1,600
sales ratio	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	10.0
Non-Operating Income	¥mn	128	143	118	81	66	65	59	91	82	-
Non-Operating Cost	¥mn	100	69	50	29	20	19	27	45	11	-
Ordinary Profit	¥mn	611	865	984	1,097	1,120	1,151	1,177	1,380	1,654	1,650
sales ratio	%	4	6	6	7	7	7	8	9	10	10
Special Interest	¥mn	21	22	2	0	0	1,420	1	0	0	-
Extraordinary Loss	¥mn	17	6	53	120	6	145	10	19	60	-
Income before income taxes	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	-
Total Income Taxes	¥mn	102	68	186	274	370	711	344	509	509	-
Effective Tax Rate	%	17	8	20	28	33	29	29	37	32	-
Net Income	¥mn	513	812	747	703	745	1,715	824	852	1,086	-
Non-Controlling Interests	¥mn	0	0	0	0	0	0	0	0	0	-
Net Profit ATOP	¥mn	513	812	747	703	745	1,715	824	852	1,086	1,100

Source: compiled by SIR from SPEEDA and Company data. *Difference between consolidated and non-consolidated

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	CE 23/5
EPS	¥	28.5	45.1	41.4	39.2	42.1	99.5	49.3	52.0	67.0	68.7
Diluted EPS	¥	28.2	44.4	40.7	38.6	41.4	97.4	47.9	50.2	64.2	-
BPS	¥	261.1	334.3	333.0	358.7	390.7	460.1	487.6	551.5	610.3	-
DPS	¥	7.0	12.0	12.0	12.0	12.0	18.0	14.0	15.0	23.0	24.0
Payout Ratio	%	24.6	26.6	29.0	30.6	28.5	18.1	28.4	28.8	34.3	34.9
ROE	%	11.2	15.1	12.4	11.4	11.3	23.5	10.4	10.0	11.5	-
ROA (Operating profit)	%	4.9	6.7	7.5	8.8	9.6	9.3	9.0	10.0	11.3	-
Operating Profit Margin	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	10.0
Asset Turnover	times	1.18	1.31	1.28	1.31	1.43	1.32	1.20	1.19	1.13	-
Equity Ratio	%	39.5	52.3	46.9	57.5	60.4	62.8	62.1	65.7	68.2	-
EBITDA	¥mn	750	1,014	1,155	1,245	1,249	1,308	1,398	1,601	1,839	-
sales ratio	%	5.3	6.6	7.5	8.0	7.8	8.4	9.2	10.1	11.5	-
Capital Expenditures	¥mn	477	160	426	115	220	2,071	345	707	136	-
Total Assets	¥mn	11,900	11,550	12,703	11,085	11,353	12,332	12,979	13,675	14,427	-
Current Assets	¥mn	7,890	7,451	8,405	7,013	6,918	6,928	7,525	6,894	7,623	-
Cash and Deposits	¥mn	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	-
Notes and Accounts Receivable	¥mn	2,532	3,005	3,909	2,220	3,129	2,847	2,879	2,764	4,833	-
Inventory	¥mn	1,847	1,494	1,614	3,403	2,059	1,952	2,132	1,008	258	-
Other	¥mn	2,068	2,088	2,111	289	120	121	177	119	576	-
Non-Current Assets	¥mn	3,990	4,088	4,292	4,070	4,435	5,404	5,454	6,781	6,804	-
Property, Plant and Equipment	¥mn	2,577	2,655	2,809	2,721	2,783	3,913	3,925	4,368	4,266	-
Intangible Assets	¥mn	68	52	42	37	52	42	141	139	113	-
Investments and Other Assets	¥mn	1,345	1,381	1,441	1,312	1,600	1,450	1,388	2,274	2,425	-
Total Liabilities	¥mn	7,169	5,448	6,652	4,637	4,402	4,439	4,693	4,375	4,197	-
Current Liabilities	¥mn	4,319	3,912	5,560	3,429	3,523	3,348	3,800	3,672	3,489	-
Trade Payables	¥mn	953	721	925	773	816	862	944	869	1,027	-
Short-Term Interest-Bearing Debt	¥mn	1,588	1,240	2,370	626	346	192	60	60	0	-
Income Taxes Payable	¥mn	60	263	172	245	84	293	138	462	330	-
Other	¥mn	1,717	1,689	2,093	1,784	2,277	2,000	2,658	2,281	2,132	-
Non-current liabilities	¥mn	2,850	1,535	1,093	1,208	879	1,091	893	703	708	-
Long-term Interest-bearing Debt	¥mn	1,677	1,198	548	665	312	120	60	0	0	-
Other	¥mn	1,173	337	544	543	567	971	833	703	708	-
Total Net Assets	¥mn	4,731	6,103	6,050	6,448	6,950	7,893	8,286	9,300	10,230	-
Shareholders' Equity	¥mn	4,702	5,546	5,994	6,388	6,776	7,701	7,999	8,440	9,316	-
Accumulated Other Comprehensive Income	¥mn	0	499	-38	-9	77	38	56	545	524	-
Share Acquisition Rights	¥mn	25	58	95	69	98	154	231	316	391	-
Non-Controlling Interests	¥mn	3	0	0	0	0	0	0	0	0	-
Cash Flows from Operating Activities	¥mn	1,767	263	369	2,304	1,697	1,500	1,260	1,994	(346)	-
Pretax Profit	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	-
Depreciation	¥mn	166	224	239	200	176	204	253	267	256	-
Increase (decrease) in working capital	¥mn	719	(790)	(429)	1,375	957	76	218	546	(760)	-
Other, net	¥mn	353	38	18	54	(182)	(1,032)	64	68	(727)	-
Income Taxes	¥mn	(87)	(89)	(391)	(301)	(369)	(174)	(443)	(247)	(710)	-
Cash Flows from Investing Activities	¥mn	(662)	93	(641)	13	(191)	39	(212)	(848)	(179)	-
Increase (Decrease) of Property, Plant and Equipment	¥mn	(421)	(116)	(407)	(118)	(7)	54	(140)	(765)	(128)	-
Increase (Decrease) of Intangible Assets	¥mn	(24)	(12)	(19)	(10)	(33)	(7)	(121)	(30)	(29)	-
Other, net	¥mn	(217)	220	(216)	141	(151)	(8)	49	(52)	(22)	-
Free Cash Flows	¥mn	1,105	356	(272)	2,317	1,506	1,539	1,047	1,147	(525)	-
Cash Flows From Financing Activities	¥mn	(1,111)	(945)	182	(1,986)	(997)	(1,135)	(718)	(481)	(521)	-
Increase (Decrease) of Interest-Bearing Debt	¥mn	(1,021)	(828)	480	(1,626)	(633)	(346)	(192)	(60)	(60)	-
Cash Dividends Paid	¥mn	(89)	(125)	(217)	(216)	(213)	(312)	(318)	(231)	(261)	-
Increase (Decrease) in Equity	¥mn	0	8	(82)	(144)	(150)	(476)	(208)	(190)	(200)	-
Other, net	¥mn	0	0	0	0	0	0	0	0	0	-
Effect of Exchange Rate Change on Cash and Cash Equivalents	¥mn	2	10	(2)	(1)	0	0	0	0	0	-
Net Increase (Decrease) in Cash and Cash Equivalents	¥mn	(4)	(579)	(93)	330	509	397	329	665	(1,046)	-
Cash and Cash Equivalents at Beginning of Period	¥mn	1,447	1,443	864	771	1,101	1,610	2,007	2,337	3,002	-
Cash and Cash Equivalents at End of Period	¥mn	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	-

Source: compiled by SIR from the company's data

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