

Making steady progress in building up technical capabilities and human capital

• **Earnings Trends:** 1Q FY24/5 results were solid, with steady sales and improved gross profit margins. Profit growth was limited owing to higher SG&A expenses in absolute terms stemming from hiring personnel, higher wages, and the inclusion of SG&A expenses of Ohba Research and Land Surveys. However, the company is likely to see more benefits from the steady accumulation of orders and continuous improvement in gross profit margin from 2Q onward, when it becomes easier to secure sales volume owing to the seasonality of its business.

• **Human Capital:** In addition to continuous wage increases (salary hikes, four consecutive years of salary base increases, and starting salary increases), the topics of discussion for the company included further improvements in benefits for employees acquiring technical qualifications, and the introduction of a comeback program for retirees. As the company engaged in a generally labor-intensive business, human resource policies to secure quality personnel and improve their training and technical skills are among its top priorities, and the company appears to have stepped up these efforts. In addition to continuous wage increases, the company has also introduced an evaluation system that reflects the results of the annual OHBA Technology Presentation Conference and research contributions to academic societies and other external organizations in the performance evaluations of branch offices and individual employees. This is a notable example of an initiative and system aimed at increasing medium- to long-term earnings growth by boosting the technical skills and motivation of employees and enhancing the company's presence within the industry.

1Q Follow-up

URBAN DEVELOPMENT &
CIVIL ENGINEERING, CONSULTANTS
OHBA & CO.

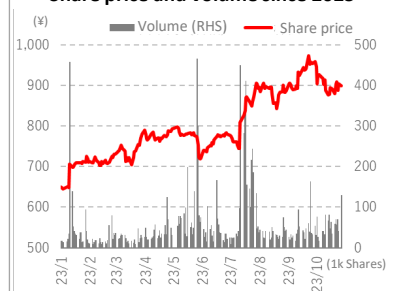
Focus Points:

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 strategies that capitalizes on improved cash flow generation capabilities from FY24/5 onward.

Key Indicators

Share price (11/7)	938
YH (10/2)	978
YL (1/6)	644
10YH (19/12/12)	995
10YL (14/1/6)	216
Shrs out. (mn shrs)	17.25
Mkt cap (¥ bn)	16.2
EV(¥ bn)	12.0
Shr equity ratio (23/5/31)	65.4%
24/5 P/E (CE)	13.07x
23/5 P/B (act)	1.43x
24/5 DY (CE)	3.62%

Share price and volume since 2023

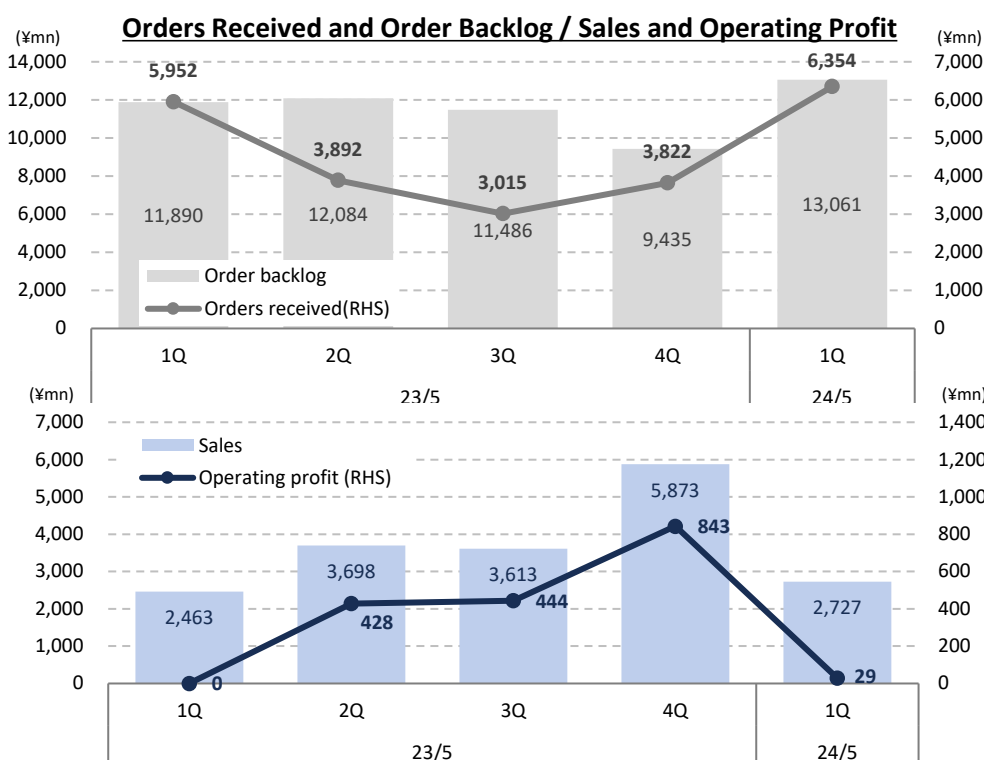


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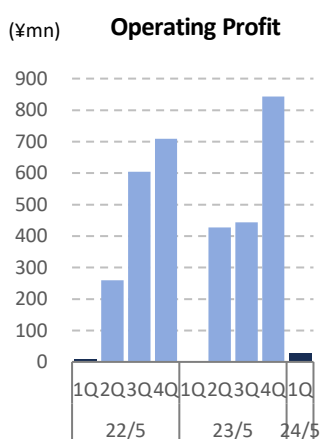
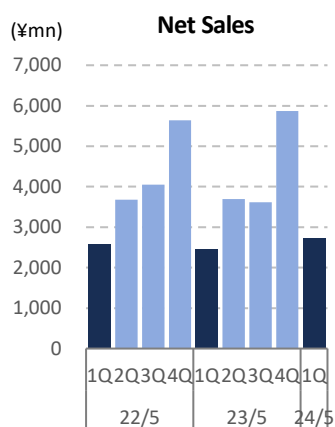
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Source: Compiled by SIR from the company's IR materials.
Note: The 24/SCE figures indicate the company's forecast.

- **Governance:** As of the annual shareholders' meeting held at the end of August, five of the company's nine Board of Directors members are external, marking the first time the company has ever had a majority of outside directors. While the company's management has been investor-oriented to a certain extent, as evidenced by the 60% total return policy, investors can expect the company to promote more transparency in its management and business operations.
- **Share Price Trend:** OHBA's share price has remained high since the beginning of the year, and its P/E, P/B, and other valuation ratios are higher than those of its peers. For valuations to improve further, the company will likely need to further improve earnings performance and execute share buybacks of up to 10% of outstanding shares each fiscal year.

FY24/5 1Q Results



Orders are steadily increasing, and gross profit margins continue to improve

Earnings Summary

On October 12, OHBA announced its 1Q results for FY24/5. For the period June-August 2023, sales increased 10.8% YoY to ¥2.73 bn, and operating profit was ¥28 mn (¥0.2 mn in YoY). Owing to seasonality, despite 1Q being the lowest quarter of the year, revenues expanded steadily, better than the full-year plan for an 8.6% increase in revenue.

Improvement in the gross profit margin is a key point in our view. Gross margin for the quarter was 31.6%, 2.0 ppt higher than 29.6% in the same period last year owing to two factors. (1) Increase in the unit price of engineers in parallel with continuous increases in *the unit price of engineers for design work outsourcing, etc.* set by the Ministry of Land, Infrastructure, Transport, and Tourism (MLIT), and (2) Previous profitability improvement factors appear to be ongoing, as a decrease in low-profit Tohoku earthquake reconstruction-related business coupled with an improving project mix from the increase in highly profitable primary government projects.

On the other hand, it should be noted that SG&A expenses are slightly rising. SG&A was ¥834 mn in the quarter, about ¥100 mn higher than the ¥728 mn in the same period last year. This is mainly due to (1) higher labor costs associated with hiring people and raising wages and (2) the inclusion of SG&A expenses of Ohba Research and Land Surveys, which became a wholly owned subsidiary in the previous fiscal year. MLIT gives points to firms that raise wages in the general evaluation bidding system, and thus Ohba has been continuously raising wages, returning a certain amount of the unit price increase to its employees.

In 1Q, sales are lower than in other quarters, so the increase in fixed costs tends to affect the operating profit level. Gross profit rose 18.5% YoY to ¥863 mn due to higher top-line and improved gross margins, while SG&A expenses rose 14.6% to ¥834 mn, resulting in an operating profit increase of only ¥28 mn YoY. From 2Q onward, we expect to see the effects of increased top line and continued improvement in gross profit margin become more visible at the operating profit level.

Order Trends

Orders received during the period from June to August 2023 increased 6.8% YoY to ¥6.35 bn, and the order backlog at the end of August rose 9.8% YoY to ¥13.06 bn. In order to strengthen Self-Defense Forces facilities, the Ministry of Defense was contracted to prepare several master plans to develop a plan to consolidate and optimize facilities at bases and garrisons across Japan. For Other projects, the firm is also involved as a cooperating company in the "Todoroki Green Project" promoted by a consortium of companies including Tokyu Corp. and Kawasaki Frontale. The company appears to be steadily accumulating projects aimed at resolving social issues in areas such as defense civil engineering and urban redevelopment, which were included in the new medium-term management plan announced about three months ago.

Quarterly Trends in Sales and Orders Received at Each Stage

Item	Unit	21/5 1Q	2Q	3Q	4Q	22/5 1Q	2Q	3Q	4Q	23/5 1Q	2Q	3Q	4Q	24/5 1Q
Sales	¥mn	1,615	2,632	1,403	10,211	2,569	3,677	4,049	5,638	2,463	3,698	3,613	5,873	2,727
YoY	%	-	-	-	-	59.0	39.7	188.5	(44.8)	(4.1)	0.6	(10.8)	4.2	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	5,619	2,431
YoY	%	-	-	-	-	56.9	35.7	214.6	(48.9)	(6.8)	3.7	(9.4)	9.5	5.9
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	3,713	6,114
YoY	%	-	-	-	-	(7.9)	3.8	(4.1)	(9.0)	12.5	11.8	7.3	15.7	9.7
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	7,622	11,309
YoY	%	-	-	-	-	-2.0	7.4	6.5	(21.4)	(21.3)	(30.4)	(40.7)	12.8	12.7
Business Solutions	¥mn	47	141	229	178	80	276	331	458	143	167	242	92	273
YoY	%	-	-	-	-	68.9	95.4	44.8	156.9	78.7	(39.5)	(26.8)	(79.9)	91.7
Orders Received	¥mn	109	234	73	166	165	1,539	100	197	379	133	428	109	240
YoY	%	-	-	-	-	50.8	557.4	37.6	18.9	129.9	(91.3)	328.4	(44.8)	(36.6)
Order Backlog	¥mn	1,002	1,095	939	926	1,042	2,338	2,380	1,644	1,855	1,798	1,960	1,812	1,752
YoY	%	-	-	-	-	3.9	113.6	153.5	77.4	78.1	(23.1)	(17.6)	10.3	(5.5)
Lease rental income, etc.	¥mn	-	-	-	-	28	22	22	49	26	26	24	25	23
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	3,753	1,864
Gross profit	¥mn	481	745	368	3,111	707	986	1,303	1,842	728	1,167	1,164	2,121	863
sales ratio	%	29.8	28.3	26.2	30.5	27.5	26.8	32.2	32.7	29.6	31.5	32.2	36.1	31.6
SG&A Expenses	¥mn	684	745	670	1,271	698	727	698	1,132	728	739	721	1,278	835
Operating Profit	¥mn	(203)	(0)	(302)	1,840	9	260	605	710	0	428	444	843	29
sales ratio	%	(12.6)	(0.0)	(21.5)	18.0	0.3	7.1	14.9	12.6	0.0	11.6	12.3	14.4	1.0

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

Human Capital Strategies

Boosting technical capabilities and employee engagement by implementing a variety of measures

In 1Q, in addition to continuous wage hikes, the company also made some moves in its human capital strategy, such as further increasing benefits for employees acquiring technical qualifications and introducing a comeback program for retired employees (welcome-back hiring). As personnel expenses, including outsourcing costs, account for roughly 70% of sales, securing quality personnel, training them, and improving their technical skills is among the company's top priorities, and the company appears to be steadily building a foundation to expand earnings over the medium to long term.

As part of its efforts to boost the technical capabilities and engagement of its employees, the company further improved benefits for qualified employees, held the OHBA Technology Presentation Conference (an annual, day-long event consisting of around 15 programs in which representatives from branches nationwide present case studies and examples of the use of cutting-edge technology to all employees), and encouraged employees to make research contributions to academic societies and other external organizations. These unique efforts are reflected in branch and individual performance evaluations, and help motivate employees and enhance the company's technical capabilities.

Research contributions tied to performance evaluations are often a formality at other companies, but this is not the case with OHBA. For example, in the past year, the company's employees have received a total of nine commendations from various associations, including the Japan Civil Engineering Consultants Association, Planning Consultants Association of Japan, and the Japan Society of Civil Engineers. This is a noteworthy achievement that not only maintains and improves the company's advanced technical capabilities, but also enhances its presence in the industry.

List of Major Research Papers Awarded in the Past Year

Award date	Award name	Award recipient (affiliation)	Awarding body	Award objectives and outline	Internal award
2022 Oct.	The 32nd Construction Consultant Technical Presentation [Grand Prize in Operations Category]	Nagoya Branch Urban Development Planning Department Member	Chubu Branch of the Japan Civil Engineering Consultants Association	Creating a lively and interactive space for the elderly around train stations	General Manager's Award
2022 Oct.	2022 Planning Consultants Association of Japan Practical Presentation, President's Award and Excellence Award	Nagoya Branch Urban Development Planning Department Member	Planning Consultants Association of Japan	Formulating a location optimization plan to guide urban functions and settlements in undivided urban planning areas based on the city's origins	Executive Director's Award
2022 Oct.	Rezoning and Urban Development Forum 2022 Excellence Award, Subcommittee 1	Nagoya Branch Urban Development Planning Department Member	Rezoning and Urban Development Forum Executive Committee	Sustainable urban development that promotes symbiosis among industry, people, and the natural environment	General Manager's Award
2022 Oct.	2022 Kinki Branch of the Japan Civil Engineering Consultants Association, 55th Research and Presentation Meeting, General Paper Presentation Division, Incentive Award	Osaka Branch Design Department Member	Kinki Branch of the Japan Civil Engineering Consultants Association	Study of repair measures for bridges where cracks were found along the sheathing	General Manager's Award
2022 Nov.	2022 Planning Consultants Association of Japan Practical Presentation, Excellence Award [October 21, 2022]	Tokyo Branch Urban Development Planning Department Member	Planning Consultants Association of Japan	Focusing on the contemporary significance and role of the Urban Planning Master Plan and the Location Optimization Plan	General Manager's Award
2023 Mar.	The 18th Landscape and Design Research and Presentation, Award for Outstanding Lecture	Kyushu Branch Urban Development Department Member	The Japan Society of Civil Engineers	Characteristics of intrinsic values and actual conditions of protection rules in important cultural landscapes, including selection criterion 6	General Manager's Award
2023 Mar.	Accepted for publication in the Japanese Journal of the JSCE	Osaka Branch Urban Development Business Department Member	The Japan Society of Civil Engineers	Examination of the impact of regional public transportation use on reducing medical costs	General Manager's Award
2023 May	Published in the Journal of the City Planning Institute of Japan and presented at national conference	Osaka Branch Urban Development Business Department Member	The City Planning Institute of Japan	Research on space management methods for disaster-prevention vacant land projects	General Manager's Award
2023 Aug.	Presented at the 21st Research and Presentation Meeting of the Kansai Branch of the City Planning Institute of Japan, Honorable Mention	Osaka Branch Urban Development Business Department Member	Kansai Branch of City Planning Institute of Japan	The potential of the outdoor space of Osaka Business Park as a workplace from the perspective of knowledge creation	General Manager's Award

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

Valuation

Progress in rerating following the new medium-term management plan and enhanced shareholder return policy

OHBA's share price has outperformed the average of other construction consulting firms by about 15pp since the beginning of the year, reflecting the company's 12 consecutive years of profit growth and its medium-term management plan announced in July, which includes an ambitious shareholder return program. However, its share price has remained flat over the past two to three months. Although there are some positive factors in the company's financials, both its P/E and P/B ratios are already at a premium compared to its peers, suggesting that the equity market is looking for the room for evaluation.

Expected short-term catalysts include further buildup of order backlogs centered on solving social issues and improved earnings growth visibility resulting from a better project mix, which are priority measures in the medium-term management plan, as well as the announcement and execution of share buybacks of up to 10% of outstanding shares each fiscal year. While the timing of the latter is difficult to gauge given that it is a corporate action, the former factors are likely to become more visible from 2Q onward owing to the seasonality of the company's business, and investors ought to pay close attention.

Valuation Table of Construction Consultant Companies

Code	Company	EOFY	Stock price	Market value	P/E			PBR	Net Cash	Ord. Profit	Ord. Profit margin		
			(10/30)	(10/30)	FY21	FY22E	FY23E	Most recent FY	Most recent FY	FY21	FY21	FY22E	FY23E
-	-	-	yen	¥mn			X	X	¥mn				%
9765	OHBA	May	898	15,490	13.4	13.5	12.5	1.36	4,205	1,654	19.9	8.1	3.5
-	Construction Consultants Average		-	-	10.7	10.7	9.6	0.96	-	-	19.1	10.5	5.9
1954	Nippon Koei	Jun.	3,315	44,989	7.6	16.1	7.0	0.62	(24,970)	9,065	27.2	(32.9)	82.6
2153	E·J Holdings	May	1,578	25,373	8.0	8.1	7.7	0.90	16,683	4,706	16.1	(1.5)	3.5
2325	NJS	Dec.	2,795	28,084	13.8	15.4	14.8	1.16	13,979	2,859	14.0	(29.6)	35.7
2498	Oriental Consultants HD	Sep.	2,577	15,787	8.7	5.5	6.0	0.81	(1,641)	3,476	37.0	24.7	(12.4)
4707	KITAC CORPORATION	Oct.	328	1,958	59.0	20.3	12.6	0.64	(1,872)	36	(86.4)	280.6	62.8
4840	Triis Incorporated	Dec.	404	3,353	(13.3)	6.7	(163.6)	0.60	808	-222	TR	RS	BE
6091	Wesco Holdings	Jul.	501	8,880	9.5	9.5	11.0	0.49	6,664	1,057	19.2	17.8	(8.7)
6542	FC Holdings	Jun.	860	5,899	6.3	6.2	6.7	0.90	960	1,161	23.6	3.5	0.7
7369	Meiho Holdings	Jun.	2,804	4,386	19.5	16.2	14.6	2.06	784	397	(1.5)	24.9	6.9
7377	DN Holdings	Jun.	1,462	12,310	7.8	6.7	6.9	1.19	3,165	2,202	-	6.9	4.1
9232	PASCO	Mar.	1,569	22,622	9.7	5.5	5.0	0.83	(11,005)	3,935	(15.3)	65.8	(23.4)
9233	Asia Air Survey	Sep.	867	16,138	9.0	9.1	8.5	0.92	3,293	2,563	12.2	7.1	2.8
9248	People, Dreams & Technologies Group	Sep.	1,627	15,320	-	6.2	12.0	0.73	6,187	-	-	-	(37.0)
9621	CTI Engineering	Dec.	4,440	62,866	14.0	10.7	9.8	1.32	19,700	7,118	36.5	15.7	4.4
9647	KYOWA ENGINEERING CONSULTANTS	Nov.	3,880	2,274	8.4	7.0	6.7	0.78	1,632	463	45.6	18.6	5.6
9755	OYO	Dec.	2,228	57,180	19.7	29.6	17.8	0.77	17,672	4,179	32.8	(27.4)	48.4
9768	IDEA Consultants	Dec.	1,610	12,073	5.5	5.3	6.9	0.56	3,019	2,107	(0.1)	55.6	(21.9)

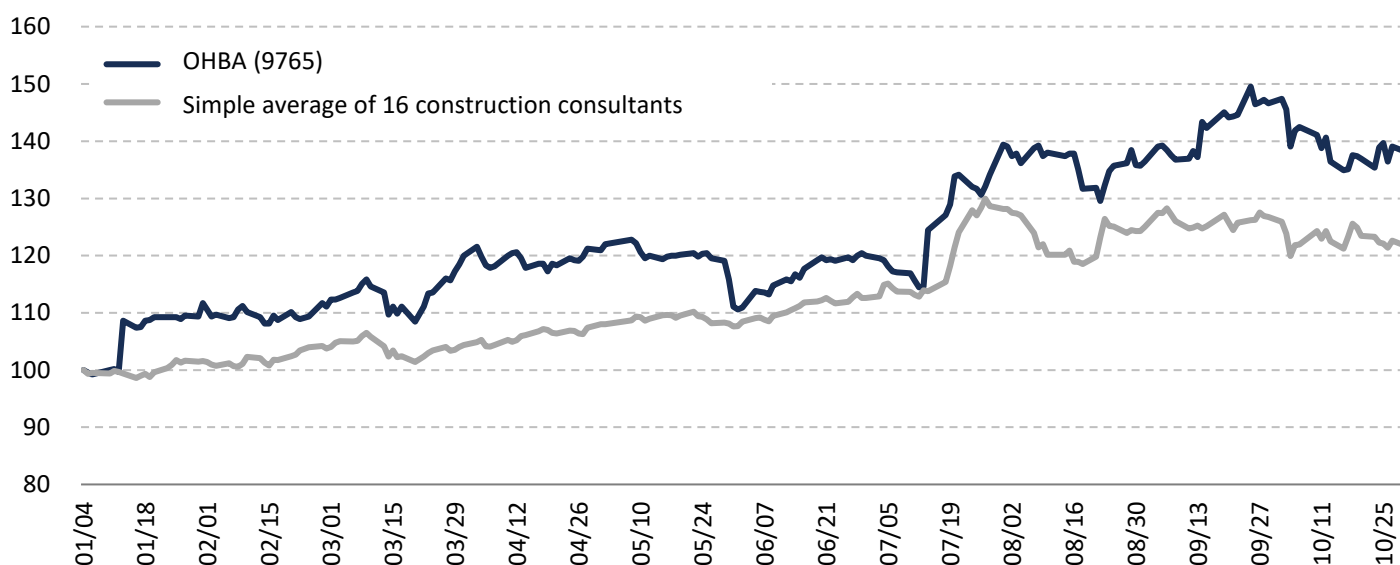
Code	Company	EOFY	ROE		Ord. Profit Margin		Asset Turnover		Equity Ratio		Payout Ratio		Dividend Yield
			FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	FY21	FY22E	Current Period
-	-	-		%		%		Times		%		%	%
9765	OHBA	May	11.5	10.6	10.4	11.4	1.13	1.02	68.2	65.4	34.3	36.0	3.79
-	Construction Consultants Average		10.8	10.8	8.9	9.1	1.04	1.06	57.8	60.6	21.8	27.5	2.80
1954	Nippon Koei	Jun.	8.8	3.9	6.9	4.3	0.79	0.77	44.9	41.4	28.6	60.9	3.77
2153	E·J Holdings	May	11.8	10.7	12.8	12.4	0.96	0.96	70.2	76.2	21.8	25.5	3.49
2325	NJS	Dec.	9.3	7.8	14.8	10.5	0.73	0.69	78.0	81.7	32.1	41.4	2.86
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	2.81
4707	KITAC CORPORATION	Oct.	1.2	3.3	1.4	5.1	0.47	0.48	48.7	49.5	89.9	30.9	1.52
4840	Triis Incorporated	Dec.	(5.5)	10.1	(22.1)	(29.0)	0.16	0.11	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	3.19
6542	FC Holdings	Jun.	13.8	12.5	13.6	14.0	0.93	0.95	67.6	76.1	18.2	19.3	2.91
7369	Meiho Holdings	Jun.	12.7	13.6	6.5	6.7	1.80	1.88	50.1	51.2	0.0	0.0	0.00
7377	DN Holdings	Jun.	15.2	16.1	6.9	7.2	1.64	1.60	50.6	56.3	37.1	32.0	4.45
9232	PASCO	Mar.	10.4	16.1	7.0	10.5	0.82	0.88	33.7	38.3	24.7	15.8	3.19
9233	Asia Air Survey	Sep.	10.6	9.8	7.9	8.1	1.14	1.11	59.1	57.7	26.1	29.3	3.46
9248	People, Dreams & Technologies Group	Sep.	-	11.8	-	10.3	-	1.12	-	59.0	0.0	25.2	2.46
9621	CTI Engineering	Dec.	12.3	13.6	9.6	9.9	1.10	1.15	53.8	64.8	19.0	24.1	2.25
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	0.77
9755	OYO	Dec.	4.2	2.7	8.1	5.1	0.61	0.67	81.0	78.3	40.7	63.7	2.24
9768	IDEA Consultants	Dec.	10.8	9.5	10.2	14.2	0.76	0.75	74.1	72.7	12.0	14.9	3.11

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

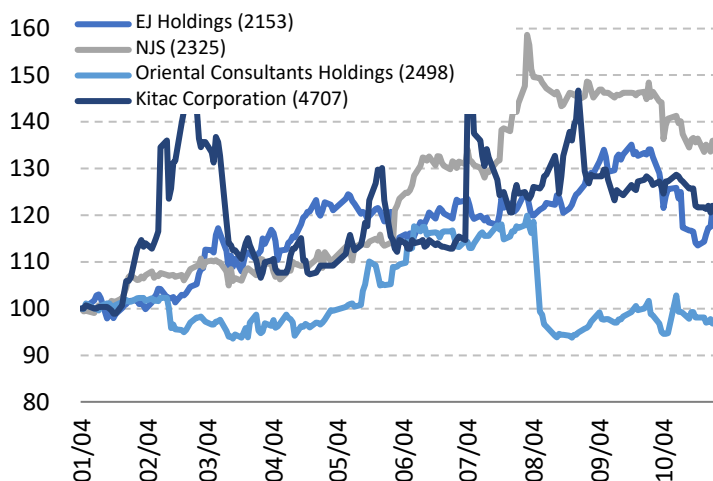
Note: Operating profit is shown in place of ordinary profit for Nippon Koei, which uses IFRS accounting. In calculating the construction consulting average, Kitac and Triis are excluded, as their recent earnings have not been stable. TR=Turn red. RS= Red shrink. BE=Break even.

Daily stock price movements of construction consultant companies since the beginning of the year

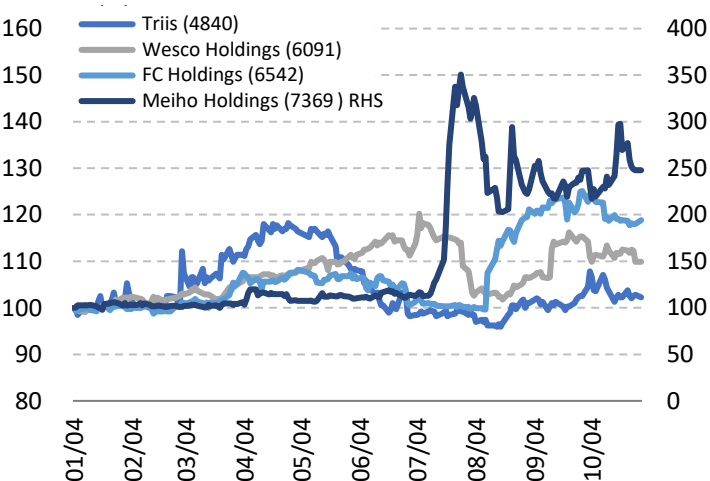
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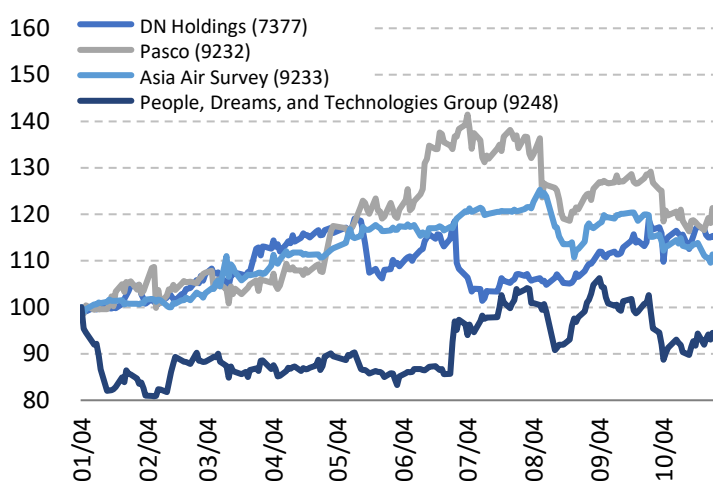
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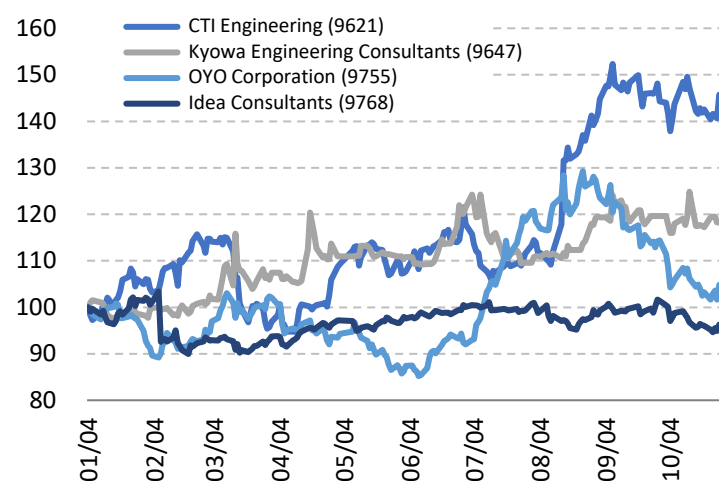
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(Index with the value on January 4, 2023 set as 100)



(Index with the value on January 4, 2023 set as 100)



Source: Compiled by SIR from SPEEDA data.

Note: ID&E Holdings (9161, formerly Nippon Koei (1954)), which was listed in July 2023 as part of a company reorganization, is excluded from the table and from the construction consultant average.

Income Statement

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
Net Sales	¥mn	14,113	15,402	15,480	15,542	16,086	15,581	15,203	15,862	15,933	15,647	17,000
YoY	%	14.6	9.1	0.5	0.4	3.5	(3.1)	(2.4)	4.3	0.4	(1.8)	8.6
Orders Received	¥mn	-	-	-	-	16,918	15,377	15,752	15,239	15,936	16,680	-
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	15,631	-
Geospatial Information	¥mn	2,778	2,886	2,580	2,865	2,839	2,961	4,048	3,019	3,255	3,950	-
Environment	¥mn	1,541	1,188	1,346	747	654	593	535	525	809	872	-
Urban Planning	¥mn	5,868	6,854	7,091	6,965	6,719	6,461	5,758	6,911	5,397	6,570	-
Civil Engineering	¥mn	2,575	2,589	2,762	3,528	4,050	4,559	4,077	4,203	4,473	4,240	-
Order Backlog	¥mn	7,495	7,609	8,166	8,425	9,271	8,908	9,202	8,592	6,758	7,622	-
Geospatial Information	¥mn	1,536	1,637	1,383	1,673	1,719	1,782	2,691	2,091	1,476	1,917	-
Environment	¥mn	1,005	978	990	682	748	582	460	389	480	669	-
Urban Planning	¥mn	3,791	3,922	4,463	4,476	4,575	4,126	3,975	4,276	3,070	3,512	-
Civil Engineering	¥mn	1,163	1,072	1,329	1,594	2,229	2,418	2,075	1,837	1,732	1,524	-
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	1,049	-
Order Backlog	¥mn	1,633	1,444	1,249	540	526	685	940	926	1,644	1,812	-
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	10,468	-
sales ratio	%	78.8	77.5	76.1	76.2	76.8	73.9	72.4	70.3	69.6	66.9	-
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	5,180	-
sales ratio	%	21.2	22.5	23.9	23.8	23.2	26.1	27.6	29.7	30.4	33.1	-
SG&A Expenses	¥mn	2,411	2,668	2,789	2,661	2,652	2,957	3,046	3,370	3,255	3,465	-
sales ratio	%	17.1	17.3	18.0	17.1	16.5	19.0	20.0	21.2	20.4	22.1	-
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	1,715	1,800
sales ratio	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	11	10.6
Non-Operating Income	¥mn	128	143	118	81	66	65	59	91	82	89	-
Non-Operating Cost	¥mn	100	69	50	29	20	19	27	45	11	16	-
Ordinary Profit	¥mn	611	865	984	1,097	1,120	1,151	1,177	1,380	1,654	1,788	1,850
sales ratio	%	4	6	6	7	7	8	9	10	11	11	-
Special Interest	¥mn	21	22	2	0	0	1,420	1	0	0	210	-
Extraordinary Loss	¥mn	17	6	53	120	6	145	10	19	60	497	-
Income Before Income Taxes	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	1,501	-
Total Income Taxes	¥mn	102	68	186	274	370	711	344	509	509	426	-
Effective Tax Rate	%	17	8	20	28	33	29	29	37	32	28	-
Net Income	¥mn	513	812	747	703	745	1,715	824	852	1,086	1,075	-
Non-Controlling Interests	¥mn	0	0	0	0	0	0	0	0	0	0	-
Net Profit ATOP	¥mn	513	812	747	703	745	1,715	824	852	1,086	1,075	1,150

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

KPI / Balance Sheet

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
EPS	¥	28.5	45.1	41.4	39.2	42.1	99.5	49.3	52	67	66.7	71.8
Diluted EPS	¥	28.2	44.4	40.7	38.6	41.4	97.4	47.9	50.2	64.2	63.9	-
BPS	¥	261.1	334.3	333	358.7	390.7	460.1	487.6	551.5	610.3	657.9	-
DPS	¥	7	12	12	12	12	18	14	15	23	24	34.0
Payout Ratio	%	24.6	26.6	29	30.6	28.5	18.1	28.4	28.8	34.3	36	47.4
ROE	%	11.2	15.1	12.4	11.4	11.3	23.5	10.4	10	11.5	10.6	-
ROA (Operating profit)	%	4.9	6.7	7.5	8.8	9.6	9.3	9	10	11.3	11.2	-
Operating Profit Margin	%	4.1	5.1	5.9	6.7	6.7	7.1	7.5	8.4	9.9	11	10.6
Asset Turnover	time s	1.18	1.31	1.28	1.31	1.43	1.32	1.2	1.19	1.13	1.02	-
Equity Ratio	%	39.5	52.3	46.9	57.5	60.4	62.8	62.1	65.7	68.2	65.4	-
EBITDA	¥mn	750	1,014	1,155	1,245	1,249	1,308	1,398	1,601	1,839	1,934	-
sales ratio	%	5.3	6.6	7.5	8	7.8	8.4	9.2	10.1	11.5	12.4	-
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	16,117	-
Current Assets	¥mn	7,890	7,451	8,405	7,013	6,918	6,928	7,525	6,894	7,623	9,643	-
Cash and Deposits	¥mn	1,443	864	771	1,101	1,610	2,007	2,337	3,002	1,956	4,205	-
Notes and Accounts Receivable	¥mn	2,532	3,005	3,909	2,220	3,129	2,847	2,879	2,764	4,833	4,803	-
Inventory	¥mn	1,847	1,494	1,614	3,403	2,059	1,952	2,132	1,008	258	509	-
Other	¥mn	2,068	2,088	2,111	289	120	121	177	119	576	126	-
Non-Current Assets	¥mn	3,990	4,088	4,292	4,070	4,435	5,404	5,454	6,781	6,804	6,475	-
Property, Plant and Equipment	¥mn	2,577	2,655	2,809	2,721	2,783	3,913	3,925	4,368	4,266	3,312	-
Intangible Assets	¥mn	68	52	42	37	52	42	141	139	113	82	-
Investments and Other Assets	¥mn	1,345	1,381	1,441	1,312	1,600	1,450	1,388	2,274	2,425	3,081	-
Total Liabilities	¥mn	7,169	5,448	6,652	4,637	4,402	4,439	4,693	4,375	4,197	5,186	-
Current Liabilities	¥mn	4,319	3,912	5,560	3,429	3,523	3,348	3,800	3,672	3,489	4,272	-
Trade Payables	¥mn	953	721	925	773	816	862	944	869	1,027	1,257	-
Short-Term Interest-Bearing Debt	¥mn	1,588	1,240	2,370	626	346	192	60	60	0	0	-
Income Taxes Payable	¥mn	60	263	172	245	84	293	138	462	330	93	-
Other	¥mn	1,717	1,689	2,093	1,784	2,277	2,000	2,658	2,281	2,132	2,922	-
Non-current liabilities	¥mn	2,850	1,535	1,093	1,208	879	1,091	893	703	708	915	-
Long-term Interest-bearing Debt	¥mn	1,677	1,198	548	665	312	120	60	0	0	0	-
Other	¥mn	1,173	337	544	543	567	971	833	703	708	915	-
Total Net Assets	¥mn	4,731	6,103	6,050	6,448	6,950	7,893	8,286	9,300	10,230	10,931	-
Shareholders' Equity	¥mn	4,702	5,546	5,994	6,388	6,776	7,701	7,999	8,440	9,316	9,859	-
Accumulated Other Comprehensive Income	¥mn	0	499	-38	-9	77	38	56	545	524	686	-
Share Acquisition Rights	¥mn	25	58	95	69	98	154	231	316	391	386	-
Non-Controlling Interests	¥mn	3	0	0	0	0	0	0	0	0	0	-

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

Cash Flow Statement

Item	Unit	Act 14/5	15/5	16/5	17/5	18/5	19/5	20/5	21/5	22/5	23/5	CE 24/5
Cash Flows from Operating Activities	¥mn	1,767	263	369	2,304	1,697	1,500	1,260	1,994	(346)	2,295	-
Pretax Profit	¥mn	615	881	932	977	1,115	2,426	1,168	1,361	1,594	1,501	-
Depreciation	¥mn	166	224	239	200	176	204	253	267	256	220	-
Increase (decrease) in working capital	¥mn	719	(790)	(429)	1,375	957	76	218	546	(760)	359	-
Other, net	¥mn	353	38	18	54	(182)	(1,032)	64	68	(727)	797	-
Income Taxes	¥mn	(87)	(89)	(391)	(301)	(369)	(174)	(443)	(247)	(710)	(581)	-
Cash Flows from Investing Activities	¥mn	(662)	93	(641)	13	(191)	39	(212)	(848)	(179)	574	-
Increase (Decrease) of Property, Plant and Equipment	¥mn	(421)	(116)	(407)	(118)	(7)	54	(140)	(765)	(128)	445	-
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)	129	-
Free Cash Flows	¥mn	1,105	356	(272)	2,317	1,506	1,539	1,047	1,147	(525)	2,869	-
Cash Flows From Financing Activities	¥mn	(1,111)	(945)	182	(1,986)	(997)	(1,135)	(718)	(481)	(521)	(619)	-
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)	(420)	-
Increase (Decrease) in Equity	¥mn	0	8	(82)	(144)	(150)	(476)	(208)	(190)	(200)	(200)	-
Other, net	¥mn	0	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	0	-
Net Increase (Decrease) in Cash and Cash Equivalents	¥mn	(4)	(579)	(93)	330	509	397	329	665	(1,046)	2,249	-
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	1,956	-
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	4,205	-

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

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