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ASTRIS CORPORATE ADVISORY JAPAN

Sodick (6143)

Medium-term growth looks sustainable

18 August 2026

Q2 FY12/26 results update

Share price: ¥1,788 Market cap: ¥98.0bn

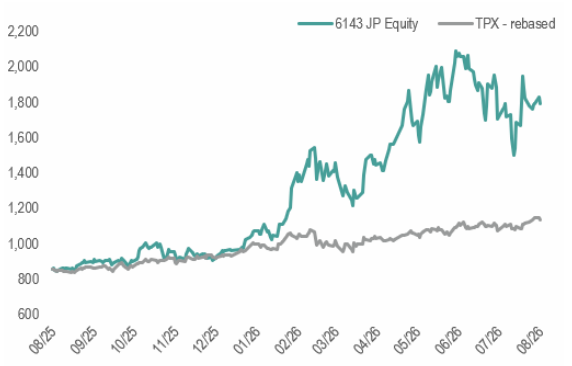
- **Earnings momentum to continue** – Q1-2 FY12/26 results exceeded expectations, accompanied by an upward revision to FY guidance. We believe that strong order visibility and structural demand from AI-related data center investment provide increasing confidence in a positive and stable medium-term earnings trajectory. We have raised our estimates to reflect sustained growth in both Machine Tools and Industrial Machinery, led primarily by China. Although additional investment in production capacity will be required, we believe higher volumes and sustained high factory utilization should provide the operating leverage necessary to establish OPM sustainably above 10%.

FY12/29 targets already within reach

- **Upside potential for medium-term targets** – Revised FY12/26 guidance of ¥9.5bn OP and a 9.5% OPM is already close to the current FY12/29 medium-term targets of ¥10.0bn and 10.0%, respectively. With three years remaining in the plan, we believe the strength of the current earnings trajectory increasingly points to upside potential to these targets. Although exceptionally strong investment activity is boosting current demand, we believe the underlying structural demand outlook remains robust.
- **Valuations** – On our revised earnings estimates, the shares are trading at a PER FY12/27 of 10.3x, a current PBR of 1.0x, and a total shareholder return of 6.4% (based on a 70% payout ratio). The Q2 FY12/26 balance sheet remains well-capitalized, with an equity ratio of 59.5%.

Year-end	12/24	12/25	12/26E	12/27E	12/28E
Sales (¥bn)	73.67	80.57	97.86	110.59	118.02
OP (¥bn)	2.23	4.22	9.33	11.21	12.43
NI (¥bn)	4.12	4.51	7.83	8.78	9.61
EPS (¥)	81.06	89.19	154.69	173.54	189.79
DPS (¥)	29.00	29.00	35.00	36.00	37.00
Sales growth YoY (%)	+9.7	+9.4	+21.5	+13.0	+6.7
OP growth YoY (%)	N/A	+89.4	+120.9	+20.1	+11.0
NP growth YoY (%)	N/A	+9.7	+73.5	+12.2	+9.4
EPS growth YoY (%)	N/A	+10.0	+73.4	+12.2	+9.4
PER (x)	22.1	20.0	11.6	10.3	9.4
EV/EBITDA (x)	18.2	12.9	6.1	5.2	4.7
EV/Sales (x)	1.2	1.1	0.9	0.8	0.7
PBR (x)	1.2	1.1	1.0	1.0	1.0
ROE (%)	5.1	5.2	8.5	9.1	9.6
ROCE (%)	2.0	3.6	7.7	9.1	9.8
FCF yield (%)	7.0	5.0	14.8	12.2	11.7
Dividend yield (%)	1.6	1.6	2.0	2.0	2.1
Total shareholder returns (%)	1.6	1.6	5.7	6.4	7.0

Source: Company, Astris Advisory (estimates)



Source: Bloomberg

Price Performance

	YTD	1M	3M	12M
Abs (%)	+86.6	+5.0	+5.9	+110.5
Rel (%)	+53.7	-0.6	-2.1	+58.7

Company sector

Electronic Components - Miscellaneous Machinery

Stock data

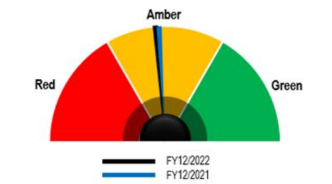
Price (¥)	1,788
Mkt cap (¥bn)	98.0
Mkt cap ($m)	613.3
52-week range (¥)	832-2,130
Shares O/S (m)	55
Average daily value ($m)	5.4
Free float (%)	79.9
Foreign shareholding (%)	20.6
Ticker	6143
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
FFO leverage (x)	5.3
BBG BUY│HOLD│SELL	0│1│0

Source: Bloomberg

Business Overview

Sodick is a machine tool company and the global market leader in electronic discharge machines. It develops and manufactures metal 3D printers, injection molding machines, and food processing equipment.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	N/A
Sustainalytics	N/A
Refinitiv	N/A
S&P Global	32.0
Bloomberg	N/A

Next events

Q3 FY12/26 results announcement November 2026

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This report has been commissioned and paid for by the company

Recent results

Q1~2 FY12/26 results

Accelerating growth for both sales and profits

Key financials

(¥bn)	Q1~2 FY12/25	Q1~2 FY12/26	YoY (%)
Sales	**37.98**	**46.92**	**+23.5**
Gross profit/(loss)	13.34	17.62	+32.0
Gross margin (%)	***35.1***	***37.5***	
Operating profit/(loss)	**2.15**	**4.45**	**+107.0**
Operating margin (%)	***5.7***	***9.5***	
Recurring profit	1.54	5.53	+259.7
Net income attributable to the parent	1.09	3.98	+265.7
Average FX rates:			
USD/JPY	148.40	158.29	+6.7
EUR/JPY	162.25	184.55	+13.7
CNH/JPY	20.45	23.04	+12.7
THB/JPY	4.43	4.93	+11.3

Source: Company

Machine Tool and Industrial Machinery driving earnings YoY

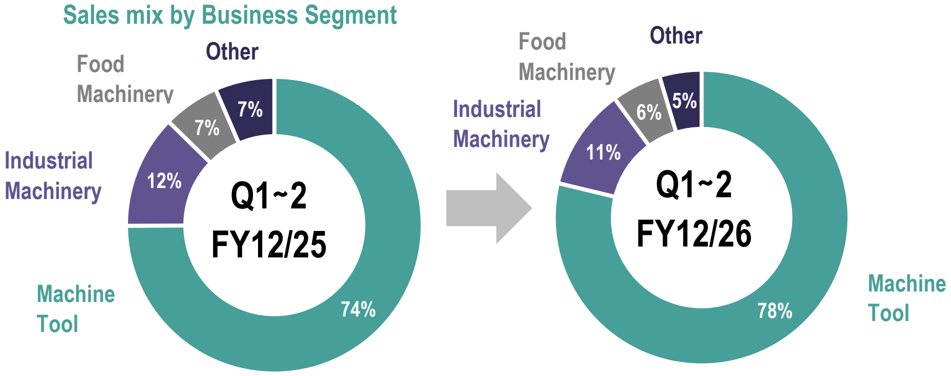
Per business segment (pre-elimination)

(¥bn)	Q1~2 FY12/25	Q1~2 FY12/26	YoY (%)
Sales			
Machine Tool	28.08	36.59	+30.3
Industrial Machinery	4.73	5.22	+10.3
Food Machinery	2.72	2.68	-1.3
Others	2.46	2.43	-1.0
Segment profit/(loss)			
Machine Tool	3.07	5.50	+78.7
Industrial Machinery	0.14	0.32	+126.8
Food Machinery	0.35	0.29	-17.3
Others	0.06	0.01	-78.1
Segment profit margin (%)			
Machine Tool	11.0	15.0	
Industrial Machinery	3.0	6.2	
Food Machinery	13.0	10.9	
Others	2.5	0.5	

Source: Company

Machine Tool sales remain the dominant contributor

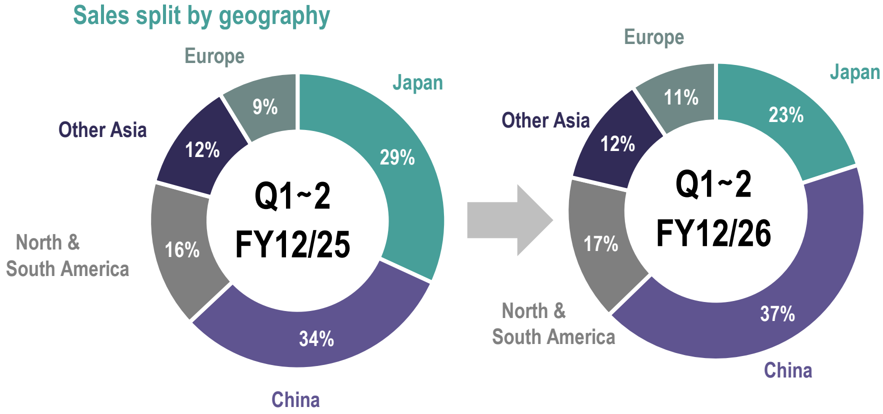
Sales mix by Business Segment



Source: Company

China leads as proportion of total sales

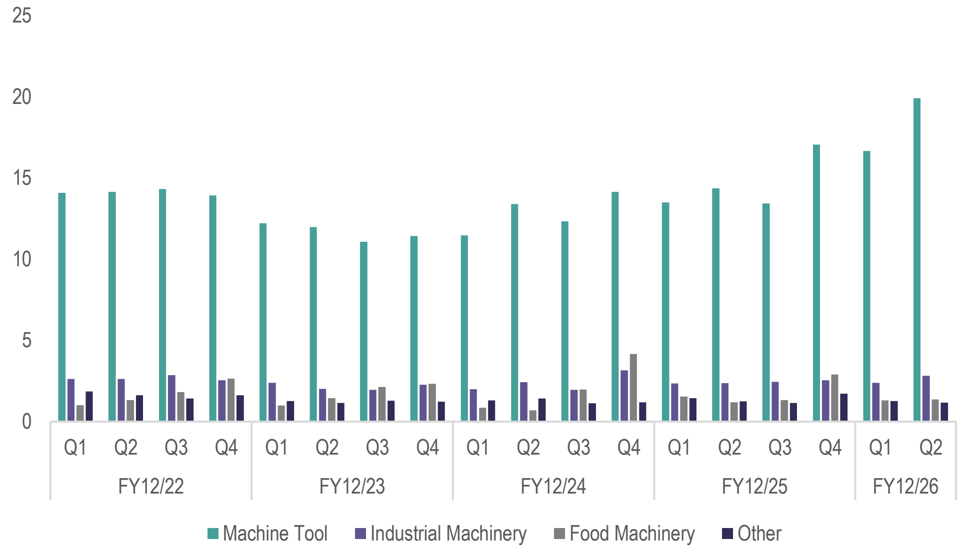
Sales split by geography



Source: Company

Sustained momentum in Machine Tools

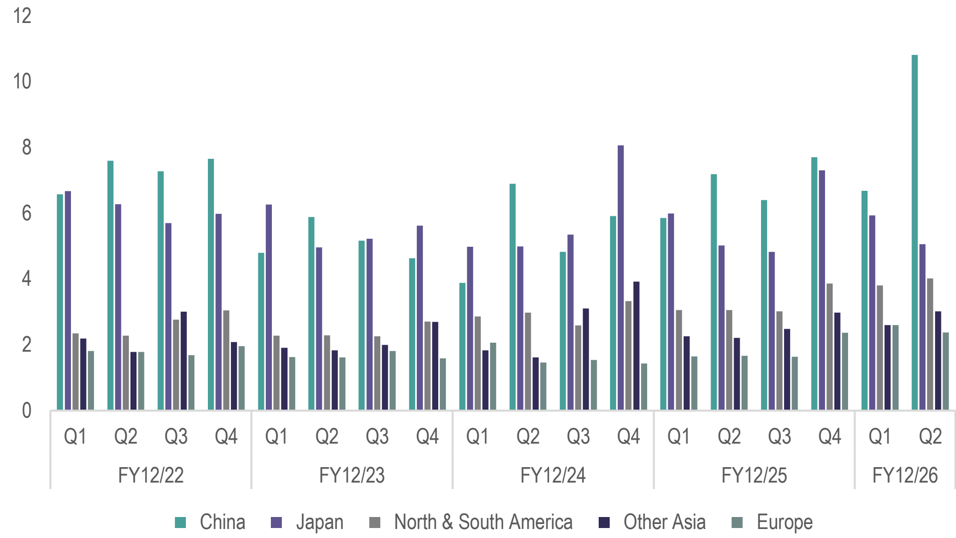
Quarterly sales by segment (¥bn)



Source: Company

China sales growth notable from Q2 FY12/26

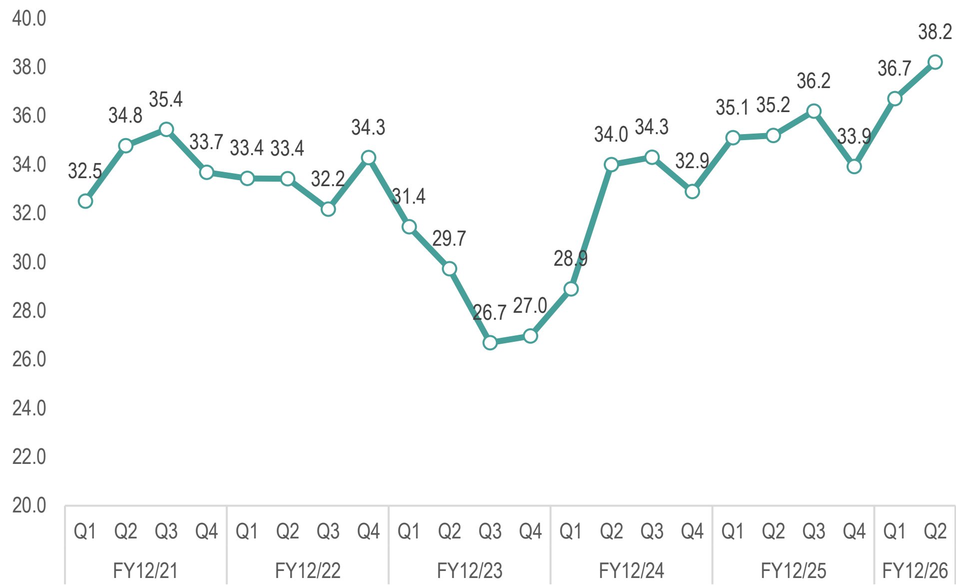
Quarterly sales by geography (¥bn)



Source: Company

Record high quarterly GPM

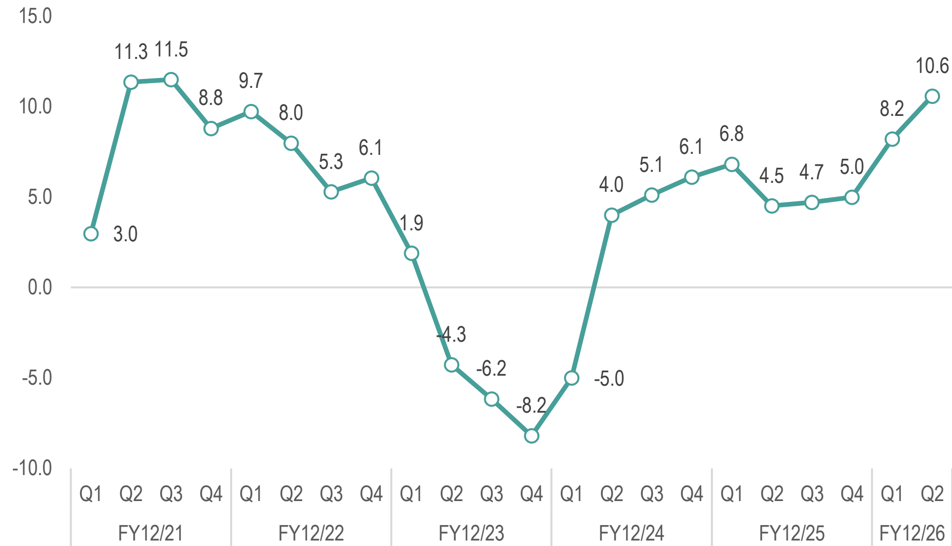
Quarterly gross margin (%)



Source: Company

OPM has reached the target 10% level

Quarterly operating margin (%)



Source: Company

Key highlights

With an accelerating growth profile at both sales (+23.5% YoY) and OP (+107.0% YoY), Q1-2 FY12/26 results were ahead of our expectations. **The key takeaway is that the medium-term outlook is positive, with earnings visibility sustained by AI-driven data center infrastructure buildout.** We believe the following indicate that demand at Machine Tool and Industrial Machinery will remain resilient:

- With **nine consecutive quarters of YoY growth for electronic discharge machine unit orders**, we view this trend as having momentum, driven by the core China market.
- Areas of growing demand for Sodick's precision machinery is geared to the production of MT connectors and ferrules (precision alignment components) for high-density fiber-optic systems, components for cooling systems, and power supplies to AI data centers. Its **high relevance stems from structural demand** rather than a short-term capex drive.
- Guidance for FY12/26 has been upwardly revised, affirming solid earnings visibility.
- We believe **management is committed to increasing production capacity whilst continuing to improve factory productivity**, and taking measures to ensure it can procure relevant key materials to meet customer orders.

Demand remained firm for Electronic Discharge Machine (EDM) orders (Q2 FY12/26 +15.1% YoY), with China orders growing at 11.6% YoY. Profitability improvement YoY was driven by a combination of 1) high factory utilization from increasing production volume, and 2) improved pricing and sales mix, which drove GPM to 38.2% (versus Q1 FY12/26 36.7%, Q4 FY12/25 33.9%), and OPM to 10.6% (Q1 FY12/26 8.2%, Q4 FY12/25 5.0%).

The Machine Tool segment experienced strong demand in China and growth in demand for consumables (wire electrodes). Other regions experienced robust demand in the aerospace and medical sectors.

The Industrial Machinery segment improved profitability YoY, driven by demand for data center optical connectors, particularly in the Japanese, Greater China, and US markets.

With a 17.3% YoY OP decline, the Food Machinery segment was the only relatively underperforming business. Despite firm demand for noodle manufacturing equipment both domestically and overseas, sales of aseptic packaged rice production equipment continued to decline YoY. Higher SG&A costs and tough comparatives from high-margin projects YoY resulted in lower margins.

EDM order visibility remains firm

Q2 FY12/26 saw electronic discharge machine orders grow at 15.1% YoY (-10.4% QoQ).

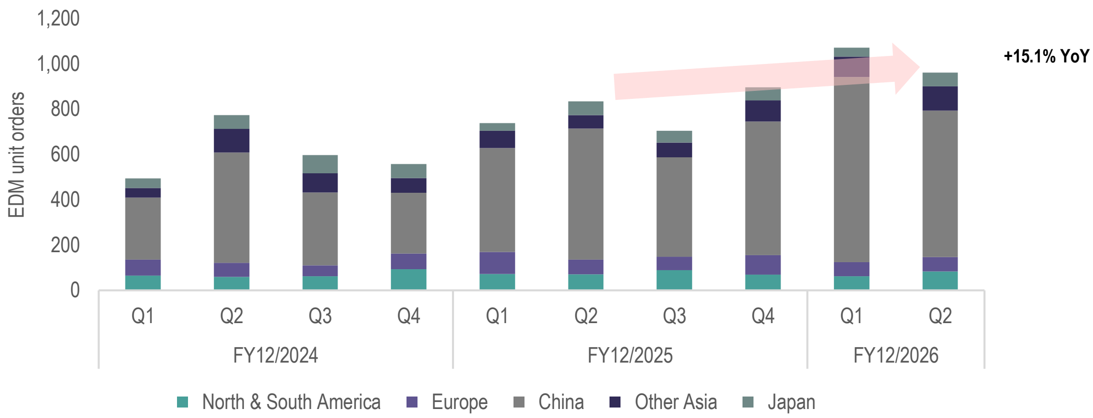
We maintain our view that with sustained long-term investment in core data center infrastructure expansion and AI compute, the company is well positioned to benefit from structurally rising demand. However, we maintain the following considerations when talking about earnings visibility:

- China's demand has been robust, but near-term visibility is not always apparent, which could result in demand fluctuations despite a positive overall trajectory.
- **Our view remains that we are mid-cycle in the data center buildout and its related optical/networking expansion.** We remain in the infrastructure expansion phase; although no longer early, we are not yet in the mature phase. **This points to further momentum in demand.**

Risks to order momentum stem from 1) inflationary procurement costs pushing up prices and dampening demand, and 2) lengthening lead times for delivery, negatively impacting earnings recognition.

Steady demand momentum

Quarterly electronic discharge machine unit orders



Source: Company

Revision to FY12/26 company guidance

The company has upwardly revised FY12/26 guidance; the key assumptions are:

- Machine Tool – an 11.9% uplift to sales from previous guidance, together with a material jump in segment profitability from 9.7% to 15.1%. This points to improving factory utilization resulting in operational gearing.
- Industrial Machinery – a 9.5% uplift to sales from previous guidance, although segment profit remains unchanged.
- Food Machinery – slight sales uplift but margins lowered, signifying more challenging business conditions.
- Eliminations – slight increase reflecting more staffing and IT system costs.

Machine Tool segment is driving overall margin growth YoY

FY12/26 company guidance

(¥bn)	FY12/25	*FY12/26 previous guidance	FY12/26 Initial guidance	FY12/26 Revised guidance	YoY (%)
Sales	**80.57**	**81.50**	**88.50**	**97.00**	**+20.4**
Machine Tool	59.15	55.60	64.70	72.40	+22.4
Industrial Machinery	9.73	11.70	10.50	11.50	+18.2
Food Machinery	6.95	8.60	7.70	7.90	+13.6
Others	4.74	5.60	5.60	5.20	+9.6
Gross profit/(loss)	28.21	-	-	-	
Gross margin (%)	***35.0***	-	-	-	
Operating profit/(loss)	**4.22**	**5.30**	**5.50**	**9.20**	**+117.8**
Operating margin (%)	***5.2***	***6.5***	***6.2***	***9.5***	
Machine Tool	5.68	5.60	6.30	10.90	+91.8
Industrial Machinery	0.52	0.90	0.80	0.80	+54.4
Food Machinery	0.98	1.00	1.00	0.80	-18.5
Others	0.10	0.60	0.40	0.10	-2.0
Eliminations	(3.06)	(2.80)	(3.00)	(3.40)	N/A
Operating margin per segment (%)					
Machine Tool	*9.6*	*10.1*	*9.7*	*15.1*	
Industrial Machinery	*5.3*	*7.7*	*7.6*	*7.0*	
Food Machinery	*14.1*	*11.6*	*13.0*	*10.1*	
Others	*2.2*	*10.7*	*7.1*	*1.9*	
Recurring profit	5.23	5.30	6.00	9.90	+89.3
Net income attributable to the parent	4.51	4.00	5.10	7.40	+63.9
ROE (%)	**5.2**	-	**5.6**	-	
Average FX rates:					
USD/JPY	149.61	150.00	155.00	156.00	+4.3
EUR/JPY	169.19	165.00	180.00	182.00	+7.6
CNH/JPY	20.79	21.00	22.00	23.20	+11.6
THB/JPY	4.56	4.50	5.00	4.90	+7.5

Source: Company
Note: *Revised in February 2025

FY12/26 guidance is part of a newly unveiled four-year medium-term plan, with final targets of ¥100 billion in sales and ¥10 billion in OP in FY12/29. However, we note that the FY12/26 guidance is close to these targets, warranting a review.

Implied guidance for H2 FY12/26 points to expectations of stable OPM HoH at 9.5% - we believe that the combination of increasing sales volume and factory utilization points to potential upside, although operating costs will need to increase in order to cater to increasing production capacity.

Flat OPM expectations for implied H2 FY12/26 guidance

Implied H2 FY12/26 guidance

(¥bn)	Q1-2 FY12/26	YoY (%)	Implied H2 FY12/26	YoY (%)	HoH (%)
Sales	**46.92**	**+23.5**	**50.08**	**+17.5**	**+6.7**
OP	**4.45**	**+107.0**	**4.75**	**+129.0**	**+6.7**
OPM (%)	*9.5*		*9.5*		
RP	5.53	+259.7	4.37	+18.3	-21.0
NI	3.98	+265.7	3.42	Flat	-14.1

Source: Company

Astris earnings estimates

We have revised our earnings estimates for FY12/26 and beyond. The key assumptions are that:

- **Earnings will be driven primarily by the Machine Tool segment**, given high order visibility.
- While the company is aiming to generate 10% OPM in FY12/29; our OPM assumptions for the medium term are now fractionally above 10%.

Raising our estimates

Revised FY12/26 guidance and Astris Advisory earnings estimates

Year-end	FY12/26 CE (revised)	FY12/26E (old)	FY12/26E (new)	FY12/27E (old)	FY12/27E (new)	FY12/28E (old)	FY12/28E (new)
Sales							
Machine Tool	72.40	65.62	72.92	70.22	83.85	73.73	89.72
Growth YoY (%)	*+22.4*	*+12.5*	*+25.0*	*+7.0*	*+15.0*	*+5.0*	*+7.0*
Industrial Machinery	11.50	10.41	11.68	10.93	12.84	11.48	13.74
Growth YoY (%)	*+18.2*	*+7.0*	*+20.0*	*+5.0*	*+10.0*	*+5.0*	*+7.0*
Food Machinery	7.90	7.72	7.72	8.33	8.33	9.00	9.00
Growth YoY (%)	*+13.6*	*+11.0*	*+11.0*	*+8.0*	*+8.0*	*+8.0*	*+8.0*
Others	5.20	5.67	5.56	5.78	5.56	5.90	5.56
Growth YoY (%)	*+9.6*	*+2.0*	-	*+2.0*	-	*+2.0*	-
Total sales (¥bn)	**97.00**	**89.24**	**97.86**	**95.26**	**110.59**	**100.10**	**118.02**
Growth YoY (%)	*+20.4*	*+11.0*	*+21.5*	*+6.5*	*+13.0*	*+5.1*	*+6.7*
OP (¥bn)	**9.20**	**5.72**	**9.33**	**6.15**	**11.21**	**6.47**	**12.43**
OPM (%)	9.5	6.4	9.5	6.5	10.1	6.5	10.5
Growth YoY (%)	*+117.8*	*+36.3*	*+120.9*	*+6.8*	*+20.1*	*+5.3*	*+11.0*
EBITDA (¥bn)	-	**10.23**	**14.22**	**10.91**	**16.74**	**11.48**	**18.34**
EBITDA margin (%)	-	11.4	14.5	11.5	15.1	11.5	15.5
RP (¥bn)	**9.90**	**6.46**	**10.03**	**6.34**	**11.40**	**6.67**	**21.63**
Growth YoY (%)	*+89.3*	*+23.5*	*+91.8*	*-1.8*	*+13.7*	*+5.2*	*+10.8*
NP (¥bn)	**7.40**	**5.04**	**7.83**	**4.89**	**8.78**	**5.07**	**9.61**
Growth YoY (%)	*+63.9*	*+11.7*	*+73.5*	*-3.1*	*+12.2*	*+3.8*	*+9.4*
FCF (¥bn)	-	**9.46**	**14.52**	**6.41**	**12.00**	**6.25**	**11.48**
FCF margin (%)	-	10.6	14.8	6.7	10.9	6.2	9.7
FCF conversion (%)	-	146.5	144.7	101.2	105.3	93.7	90.9
FCF yield (%)	-	**9.7**	**14.8**	**6.5**	**12.2**	**6.4**	**11.7**
FX rates:							
USD/JPY	156.00						
Growth YoY (%)	+4.3						
EUR/JPY	182.00						
Growth YoY (%)	+7.6						
CNH/JPY	23.20						
Growth YoY (%)	+11.6						
THB/JPY	4.90						
Growth YoY (%)	+7.5						

Source: Company, Astris Advisory
Note: FCF conversion is FCF/Pre-tax Profit

Company description

Overview

Market leader in electronic discharge machines (EDMs)

Established in 1976 by founder Toshihiko Furukawa, Sodick is a **pioneer and global leader in electronic discharge machines (EDMs)**. EDMs are machining tools used for mold manufacturing and component machining, with demand driven by the need for precision parts and miniaturization in sectors such as autos, smartphones, aerospace, and healthcare. EDM is a non-traditional form of machining that uses thermal energy instead of mechanical force to remove material from a workpiece. Engineers often turn to EDM when machining processes such as milling and turning cannot produce the desired cut for certain materials, such as sharp internal corners or a particularly deep cavity.

Together with precision machining centers, metal 3D printers and laser processing machines, Sodick's core products include injection molding machines and food processing equipment. The company was listed in 1986 on the Tokyo Stock Exchange.

Operating as a global business, expansion into Europe and the US occurred in the early 1980s, followed notably as a first mover into the Greater China market in 1994. Its global network is primarily focused on the Asia region, with its production centers in Japan, China, and Thailand.

Focus on sustainable growth and corporate value

Change to a business-aligned organization

With **a strong tradition of creativity and engineering prowess** to resolve customers' manufacturing issues, Sodick is renowned for its differentiated and value-added solutions as opposed to competing as a price leader. However, management identified that **to generate sustainable growth and enhance medium to long-term corporate value, a wide-ranging business transformation was required**. Under current Chairperson Kenichi Furukawa, an office for 'transformation preparations' was established in October 2020. This resultant objective was **to create a 'business-aligned' organization, away from the previous 'function-aligned' format**.

Aiming for customer success

This transformation involved the **establishment of product divisions from an existing functional-optimal structure**, bringing the total value chain of planning, sales, service, and engineering under core product divisions (for Machine Tool and Injection Molding Manufacturing). To compete successfully, it was deemed necessary to shift from a mindset of 'selling sets of equipment' to a customer-centric 'issue resolution model' that contributes **to customer success**. This two-year effort was described as highly challenging, but it began to function in January 2022.

Management's commitment to positive change

Management is committed to change. Previously, there were **three transformation initiatives** underway, as well as **governance and workstyle reforms**:

- **Shift to value creation** – Application of digital transformation (DX) to collect customer data, and to drive 'market-orientated' product development.
- **Cross-cutting policies** – Integrating important issues across business divisions to achieve close coordination and business optimization.
- **Business evaluation** – To set KPIs (based on financial analysis) that are aligned with the company's growth, as opposed to previous metrics based on hardware volume and the number of service contracts.

- **Governance** – To clarify the separation between management execution and oversight functions of the Board of Directors.
- **Workstyle reform** – The company formulated the **'Sodick Health and Productivity Management Declaration'** in 2022, where the company prioritizes the mental and physical health of employees and creates a positive workplace.

Timeline summary

Key dates	Details
August 1976	The company was established by founder Toshihiko Furukawa.
February 1986	**Listed in the Second section of the Tokyo Stock Exchange.**
November 1988	Established the first overseas production base in Thailand.
March 2007	Diversified into the food machinery business.
March 2015	**Listed in the First section of the Tokyo Stock Exchange**
March 2018	**Appointment of Kenichi Furukawa as President and Representative Director**
October 2020	**Establish an office for 'transformation preparations'**
January 2022	**The Machine Tool Business Division was established in line with corporate reform.**
April 2022	Transferred to the Prime section of the Tokyo Stock Exchange.
July 2025	**Business alliance with Advantage Partners.**

Source: Company

JGAAP Financial Summary

Income Statement (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Sales	**73.67**	**80.57**	**97.86**	**110.59**	**118.02**
COGS	49.60	52.37	61.65	69.12	73.76
Gross profit	**24.07**	**28.21**	**36.21**	**41.47**	**44.26**
Gross profit margin (%)	32.7	35.0	37.0	37.5	37.5
OP	**2.23**	**4.22**	**9.33**	**11.21**	**12.43**
OP margin (%)	3.0	5.2	9.5	10.1	10.5
Non-operating income	2.18	1.82	1.50	1.00	1.00
Non-operating expenses	(0.78)	(0.82)	(0.80)	(0.81)	(0.80)
Recurring profit	**3.63**	**5.23**	**10.03**	**11.40**	**12.63**
Pre-tax profit	5.02	5.79	10.03	11.40	12.63
Tax	(0.92)	(1.28)	(2.21)	(2.62)	(3.03)
Effective tax rate (%)	25.2	24.5	22.0	23.0	24.0
Net income	**4.11**	**4.51**	**7.82**	**8.78**	**9.60**
Non-controlling NI	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Parent attributable NI	**4.12**	**4.51**	**7.83**	**8.78**	**9.61**
Sales growth YoY (%)	+9.7	+9.4	+21.5	+13.0	+6.7
OP growth YoY (%)	N/A	+89.4	+120.9	+20.1	+11.0
RP growth YoY (%)	N/A	+44.2	+91.8	+13.7	+10.8
Pre-tax profit YoY (%)	N/A	+141.4	+73.3	+13.7	+10.8
NI growth YoY (%)	N/A	+9.7	+73.5	+12.2	+9.4

Cash flow statement (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Profit before tax	**5.02**	**5.79**	**10.03**	**11.40**	**12.63**
Depreciation/amortization	3.71	3.67	4.89	5.53	5.90
Changes in working capital	2.78	(0.56)	9.33	3.42	2.12
Other non-cash items	(0.48)	(0.10)	(0.29)	(0.20)	(0.24)
Tax paid	(1.07)	(1.64)	(2.21)	(2.62)	(3.03)
Cash from Operating Activities	**9.97**	**7.15**	**21.76**	**17.53**	**17.38**
Capex	(3.13)	(2.29)	(7.24)	(5.53)	(5.90)
Acquisition of business	(0.23)	(2.76)	(2.76)	(2.76)	(2.76)
Other investing cash flow	1.72	1.10	1.41	1.25	1.33
Cash from Investing Activities	**(1.63)**	**(3.96)**	**(8.59)**	**(7.04)**	**(7.33)**
Total cash dividends paid	(1.47)	(1.47)	(1.47)	(1.77)	(1.82)
Debt issuance/(retirement)	0.82	(0.99)	(0.99)	(0.99)	(0.99)
Equity financing	(0.18)	-	(3.71)	(4.33)	(4.85)
Other	(0.21)	(0.02)	(0.02)	(0.02)	(0.02)
Cash from Financing Activities	**(1.04)**	**(2.48)**	**(6.19)**	**(7.12)**	**(7.69)**
FX impact	1.97	1.46	1.72	1.59	1.65
Net cash flow	**9.26**	**2.17**	**8.69**	**4.97**	**4.01**
Free cash flow	**6.84**	**4.86**	**14.52**	**12.00**	**11.48**
EBITDA	**4.73**	**6.68**	**14.22**	**16.74**	**18.34**
EBITDA margin (%)	6.4	8.3	14.5	15.1	15.5
Free cash flow margin (%)	9.3	6.0	14.8	10.9	9.7
Free cash flow conversion (%)	136.2	83.9	144.7	105.3	90.9
Capex/sales (%)	4.2	2.8	7.4	5.0	5.0
Capex/depreciation (%)	84.3	62.5	148.0	100.0	100.0
CFO margin (%)	13.5	8.9	22.2	15.9	14.7

Balance sheet (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Cash & equivalents	47.76	45.06	53.75	58.72	62.73
Marketable securities	-	4.00	4.00	4.00	4.00
Accounts receivables	19.19	22.20	17.27	17.27	17.27
Inventory	31.62	33.39	32.05	32.05	32.05
Other	2.95	3.55	3.27	3.27	3.27
Current assets	**101.52**	**108.21**	**110.34**	**115.30**	**119.31**
Tangible assets	32.24	32.20	35.05	36.16	37.34
Goodwill	0.71	3.51	3.51	3.51	3.51
Intangible assets	1.51	1.97	2.44	2.44	2.44
Long term investments	6.66	6.34	6.34	6.34	6.34
Other	2.36	3.47	3.47	3.47	3.47
Fixed assets	**43.47**	**47.49**	**50.81**	**51.92**	**53.10**
Total assets	**144.99**	**155.69**	**161.15**	**167.22**	**172.41**
Short term borrowing	13.33	11.68	12.33	12.33	12.33
Trade payables	11.61	11.90	14.19	15.91	16.97
Other	9.49	14.17	14.01	15.71	16.76
Current liabilities	**34.44**	**37.75**	**40.52**	**43.94**	**46.06**
Long term borrowing	24.12	24.94	23.94	22.95	21.96
Other LT liabilities	2.00	2.42	2.42	2.42	2.42
Long term liabilities	26.13	27.36	26.36	25.37	24.38
Shareholder's equity	**84.38**	**90.52**	**94.21**	**97.85**	**101.91**
Non-controlling interests	0.05	0.07	0.06	0.07	0.06
Total net assets	**84.43**	**90.59**	**94.27**	**97.91**	**101.98**
Total liabilities & net assets	**144.99**	**155.69**	**161.15**	**167.22**	**172.41**

Source: Company, Astris Advisory (estimates)

Key metrics	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Profitability					
Gross margin (%)	32.7	35.0	37.0	37.5	37.5
Operating margin (%)	3.0	5.2	9.5	10.1	10.5
Net margin (%)	5.6	5.6	8.0	7.9	8.1
ROA (%)	2.9	3.0	4.9	5.4	5.7
ROE (%)	5.1	5.2	8.5	9.1	9.6
ROCE (%)	2.0	3.6	7.7	9.1	9.8
ROIC (%)	1.4	2.6	5.6	6.5	7.0
Liquidity					
Current ratio (x)	2.9	2.9	2.7	2.6	2.6
Quick ratio (x)	2.0	2.0	1.9	1.9	1.9
Leverage					
Debt/Equity ratio (x)	0.4	0.4	0.4	0.4	0.3
Net Debt/Equity ratio (x)	net cash	net cash	net cash	net cash	net cash
Equity ratio (%)	58.2	58.1	58.5	58.5	59.1
Interest cover (x)	5.3	10.0	18.4	22.7	25.9
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	81.06	89.19	154.69	173.54	189.79
PER (x)	**22.1**	**20.0**	**11.6**	**10.3**	**9.4**
Diluted PER (x)	**26.4**	**24.0**	**13.8**	**12.3**	**11.3**
DPS (¥)	29.0	29.0	35.0	36.0	37.0
Dividend payout ratio (%)	35.8	32.5	22.6	20.7	19.5
Dividend yield (%)	**1.6**	**1.6**	**2.0**	**2.0**	**2.1**
Total shareholder return (%)	**1.6**	**1.6**	**5.7**	**6.4**	**7.0**
Free cash flow yield (%)	**7.0**	**5.0**	**14.8**	**12.2**	**11.7**
Diluted FCF yield (%)	**5.8**	**4.1**	**12.4**	**10.2**	**9.8**
PBR (x)	1.2	1.1	1.0	1.0	1.0
EV/sales (x)	1.2	1.1	0.9	0.8	0.7
EV/EBITDA (x)	18.2	12.9	6.1	5.2	4.7
EV/EBIT (x)	38.7	20.4	9.2	7.7	6.9
EV/FCF (x)	12.6	17.8	5.9	7.2	7.5

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