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ASTRIS CORPORATE ADVISORY JAPAN

Rigaku Holdings (268A)

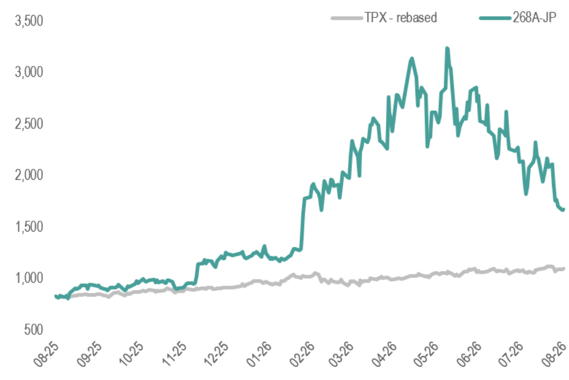
Stepping on the acceleration pedal

26 August 2026

Q2 FY12/26 results update

Share price: ¥1,648 Market cap: ¥374.4bn

- **Order and revenue pipeline filling up –** Rigaku disclosed that Q2 orders at Semiconductor Process Control Instruments reached more than 3x the year-ago level on strong demand from Memory customers, driven by HBM and DRAM capacity expansion. Although Q2 results already benefitted from strong Memory demand, Rigaku expects further acceleration going into H2 and beyond. The Company's next-gen semiconductor metrology equipment has also received positive feedback from customers, which we expect should gradually translate to improved margins as they are delivered. Multipurpose Analytical Instruments appears to have troughed in H1, with improvement expected on further penetration into industrial applications. Importantly, quarterly results are heavily influenced by equipment delivery timing, and we believe investors should focus on the longer-term demand trend. Rigaku rides the secular rise in semiconductor complexity required to deliver the compute behind AI's exponential growth, which remains in early innings.



Source: Bloomberg

Setting up for a very strong H2

- **Q2 showed signs of acceleration with more in H2** – Rigaku delivered Q2 revenue of ¥21.6bn (+7.4% YoY, +20.7% QoQ), with operating profit of ¥1.9bn (-32.4% YoY) and basic EPS of ¥5.74 (-30.3%), reflecting continued growth investment through SG&A and R&D as it continued to ramp up its overseas presence and capabilities to support its semiconductor customers. The Semiconductor Process Control Instruments category continued to see strong momentum and delivered +60.0% YoY revenue growth in Q2, whereas the Multipurpose Analytical Instruments category appears to have troughed in H1 with orders seeing sequential improvements.
- **Guidance was maintained, implying steep ramp in H2** – We estimate FY12/26 guidance requires H2 revenue of ¥61.4bn (+15.3% YoY) at a gross margin of ~60.6% vs. 54.8% in H1, which we think is achievable as Rigaku delivered a similar skew in FY12/25, and the JEP units already installed at customer facilities provide high revenue visibility.
- **For further details of our analysis, please see our recently published initiation report.**
- **Valuations** – On our earnings estimates, the shares are trading on an FY12/27 estimated PER of 22.6x, which is more in line with semi-cap peers than scientific instrument peers.

Year-end	12/24	12/25	12/26E	12/27E	12/28E
Sales (¥bn)	90.65	94.19	101.23	115.97	132.98
OP (¥bn)	18.37	16.71	19.77	25.37	31.19
NI (¥bn)	13.62	11.40	12.86	16.57	20.52
EPS (¥)	60.44	50.19	56.60	72.94	90.34
DPS (¥)	3.00	18.80	19.00	22.00	27.00
Sales growth YoY (%)	+13.5	+3.9	+7.5	+14.6	+14.7
OP growth YoY (%)	+20.4	-9.0	+18.3	+28.4	+22.9
NI growth YoY (%)	+24.9	-16.3	+12.8	+28.9	+23.9
EPS growth YoY (%)	+24.9	-17.0	+12.8	+28.9	+23.9
PER (x)	27.3	32.8	29.1	22.6	18.2
EV/EBITDA (x)	18.2	19.4	16.8	13.4	11.0
EV/Sales (x)	4.7	4.5	4.2	3.6	3.2
PBR (x)	4.6	4.2	4.0	3.6	3.3
ROE (%)	18.5	13.4	14.1	16.8	18.8
ROCE (%)	12.4	11.0	12.5	15.2	17.5
FCF yield (%)	2.2	0.7	2.7	2.2	3.5
Dividend yield (%)	0.2	1.1	1.2	1.3	1.6

Source: Company, Astris Advisory (estimates)

Price Performance

	YTD	1M	3M	12M
Abs (%)	+36.8	-21.4	-35.8	+101.7
Rel (%)	+16.7	-23.4	-39.7	+69.9

Company sector

Electronic Components and Manufacturing | Hardware
Semiconductor Process Control Equipment (GICS)

Stock data

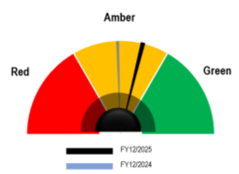
Price (¥)	1,648
Mkt cap (¥bn)	374.4
Mkt cap ($m)	2,350.8
52-week range (¥)	806 – 3,400
Shares O/S (m)	227.2
Average daily value ($m)	39.6
Free float (%)	58.5
Foreign shareholding (%)	25.6
Ticker	268A
Exchange	Tokyo Prime
Net Debt/Equity (x)	0.4
BBG BUY | HOLD | SELL	4 | 1 | 1

Source: Bloomberg

Business Overview

Rigaku Holdings is an X-ray instruments manufacturer founded in 1951, with X-ray metrology equipment for advanced semiconductor manufacturing as the growth driver of its business.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	-
Sustainalytics	-
S&P Global	-
Bloomberg	-
CDP	-

Next events

Q3 FY12/26 results November 2026

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This report has been commissioned and paid for by the company

Q2 FY12/26 results

Consolidated results

Rigaku delivered Q2 revenue of ¥21.6bn, up +7.4% YoY and +20.7% QoQ, with operating profit of ¥1.9bn (-32.4% YoY) and basic EPS of ¥5.74 (-30.3% YoY). Although the Semiconductor Process Control Instruments category saw sustained momentum, weakness in Multipurpose Analytical Instruments and in Components and Services and increased growth investments (through SG&A and R&D) drove the YoY decline in profitability.

Q2 revenue grew +7.4% YoY to ¥21.6bn, but profitability declined as Rigaku increased growth investments in SG&A and R&D

Key financials

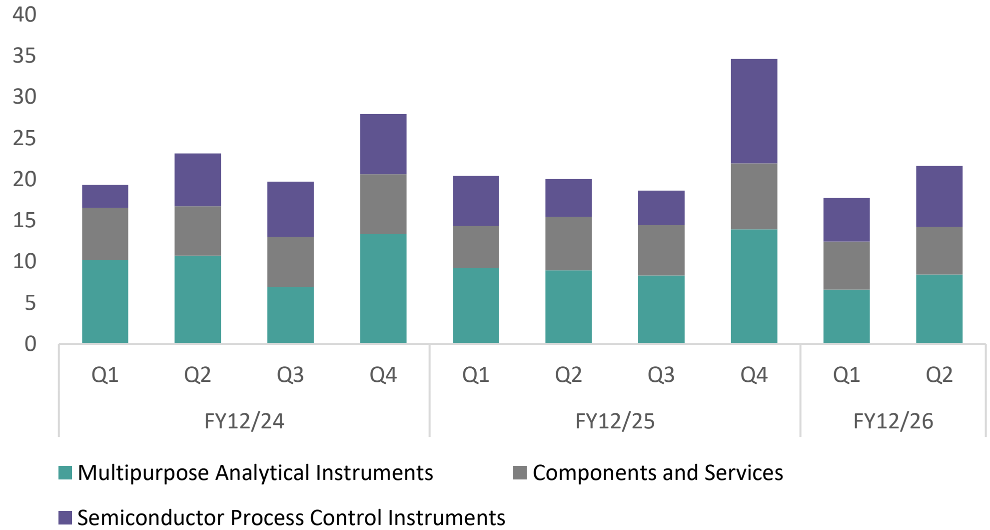
(¥bn)	FY12/25 Q2	FY12/26 Q2	YoY (%)
Revenue	**20.1**	**21.6**	**+7.4**
Gross profit	11.1	11.9	+7.0
Operating profit	**2.9**	**1.9**	**-32.4**
Operating margin (%)	14.3	9.0	-530bp
Net income	1.9	1.3	-30.2
Net margin (%)	*9.2*	*6.0*	*-320bp*
Basic EPS (¥)	**8.23**	**5.74**	**-30.3**
Adjusted operating profit	**3.3**	**2.4**	**-27.3**
Adjusted operating margin (%)	*16.5*	*11.4*	*-510bp*
Adjusted profit	2.1	1.6	-23.8

Source: Company

However, **Rigaku has a very positive outlook on H2 FY12/26 and believes it remains on track to achieve its FY12/26 guidance with potential for performance upside** driven by strong momentum at the Semiconductor Process Control Instruments business. **We highlight that Rigaku previously said it expects Semiconductor Process Control Instruments revenue to increase in the +40% range QoQ from Q3 to Q4 FY12/26.**

Rigaku's revenue has historically been H2 weighted, especially at the key Semiconductor Process Control Instruments business

Quarterly revenue (¥bn) by business category



Source: Company

Rigaku maintains it remains on track to meet its FY12/26 guidance and expects a strong H2 to offset profitability weakness in H1

Key financials vs. FY12/26 guidance

(¥bn)	FY12/25 Q1-2	FY12/26 Q1-2	YoY (%)	FY12/26 guidance	Progress vs. guidance (%)
Revenue	**40.8**	**39.6**	**-2.9**	**101.0**	**39.2**
Gross profit	22.7	21.7	-4.6	58.9	36.8
Operating profit	**5.7**	**2.6**	**-54.9**	**19.4**	**13.3**
Operating margin (%)	*14.0*	*6.5*	*-750bp*	*19.3*	
Net income	3.8	1.6	-56.9	12.5	13.0
Net margin (%)	*9.3*	*4.1*	*-520bp*	*12.4*	
Basic EPS (¥)	**16.71**	**7.2**	**-56.9**	**55.27**	**13.0**
Adjusted operating profit	**6.6**	**3.5**	**-47.0**	**21.5**	**16.3**
Adj. operating margin (%)	*16.2*	*8.9*	*-730bp*	*21.3*	
Adjusted profit	4.3	2.2	-48.8	13.9	15.8

Source: Company

Key highlights

- **Sales pipeline is accelerating.** Rigaku's orders grew over +50% YoY in Q2, with Semiconductor Process Control Instruments orders more than 3x the year-ago level and the sales pipeline up over +35% YoY. **We note this is a marked acceleration QoQ from Q1, which had +11% YoY sales pipeline growth.**

- **The Company's unchanged FY12/26 guidance implies H2 revenue of ¥61.4bn (+15.3% YoY) at a gross margin of approximately 60.6% vs. 54.8% in H1, which Rigaku believes is achievable with potential for revenue upside.** Rigaku disclosed the Semiconductor Process Control Instruments business expects to generate ~¥10bn of higher-margin new product revenue in H2 vs. ¥4bn in H1. Further, we note that Rigaku delivered comparable H2-weighted results in FY12/25, when H2 accounted for 56.6% of revenue and 65.3% of operating profit.

- **The capital and business alliance with Onto Innovation Inc. (NYSE: ONTO) became effective on 10 August, with Onto completing the acquisition of a 27.0% (61.1mn shares) interest in Rigaku from affiliates of The Carlyle Group.** The alliance targets at least US$300mn of incremental revenue opportunity by 2030 through the joint development of software solutions to further improve Rigaku's metrology equipment and the development of hybrid optical and X-ray metrology equipment.

- **Rigaku is investing in personnel and overseas presence in anticipation of future customer demand, which weighed on operating margin in H1 FY12/26.** Rigaku is expanding its Rigaku Technology Center network, with RTC-Silicon Valley and RTC-Taiwan (Hsinchu) operating and RTC-China (Shanghai) on track for opening in FY12/26, with Rigaku investing in recruiting application scientists and building local spare-parts inventory ahead of customer orders flowing through to revenue.

Results by business category

Rigaku's earnings mix continued to shift toward semiconductors as the Semiconductor Process Control Instruments category saw continued growth acceleration in Q2 while the operating environment for the Multipurpose Analytical Instruments category remains challenging.

Semiconductor Process Control Instruments delivered +60% revenue growth, with Rigaku forecasting further acceleration in H2

Sales and Operating Profit per business category

(¥bn)	FY12/25 Q2	FY12/26 Q2	YoY (%)	FY12/25 H1	FY12/26 H1	YoY (%)
Revenue						
Multipurpose Analytical Instruments	8.9	8.4	-6.1	18.1	15.0	-17.1
Semiconductor Process Control Instruments	4.6	7.4	+60.0	10.8	12.7	+18.2
Components and Services	6.5	5.8	-11.3	11.7	11.6	-0.5
Operating Profit						
Multipurpose Analytical Instruments	1.3	0.3	-77.3	2.5	0.0	-98.6
Semiconductor Process Control Instruments	0.8	1.4	+69.4	2.4	1.9	-19.0
Components and Services	1.5	0.6	-60.1	2.1	1.6	-22.7
Operating Profit Margin (%)						
Multipurpose Analytical Instruments	15.0	3.6	-1130bp	14.3	0.2	-1400bp
Semiconductor Process Control Instruments	17.9	18.9	+100bp	22.7	15.6	-710bp
Components and Services	23.3	10.5	-1280bp	18.0	14.0	-400bp

Source: Company

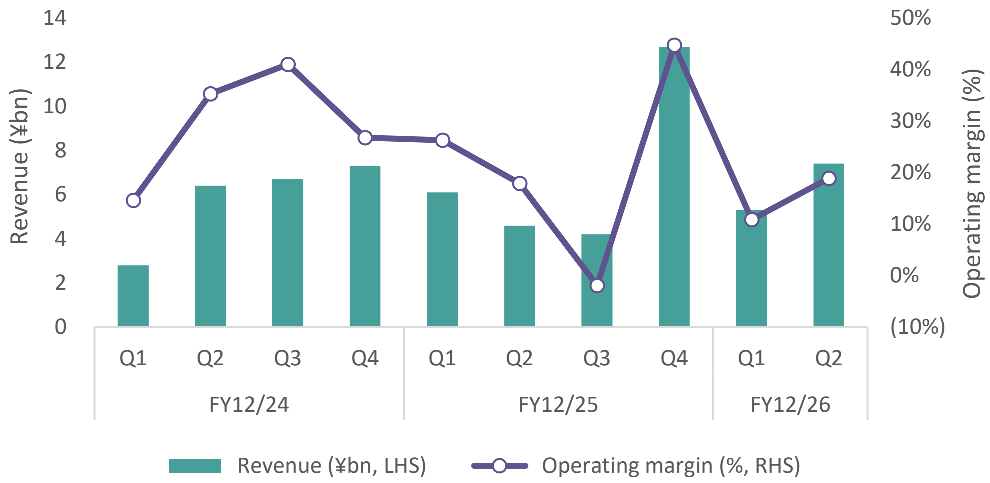
Semiconductor Process Control Instruments

Q2 revenue grew +60.0% YoY to ¥7.4bn and +39.6% QoQ, with operating profit up +69.4% to ¥1.4bn at an operating margin of 18.9% (vs. 17.9% YoY). Demand from Memory customers was the primary driver, growing to ¥3.5bn YoY from ¥0.4bn on HBM and DRAM capacity expansion, with Advanced Logic/Foundry rising to ¥1.9bn YoY from ¥1.2bn on recovering North American IDM demand.

The Company highlighted strong demand from Memory customers and expects further acceleration going into H2. Notably, Rigaku disclosed ~¥4bn of the planned ~¥14bn of new product revenue in FY12/26 was recognized in H1, implying ~¥10bn in H2. In addition, Rigaku continues to see strong traction for its current generation of metrology equipment with an ongoing stream of capacity-expansion orders.

Seasonality has historically been a major factor in the categories' revenue and we believe investors should focus on the longer-term trend

Quarterly category revenue (¥bn) and operating margin (%)

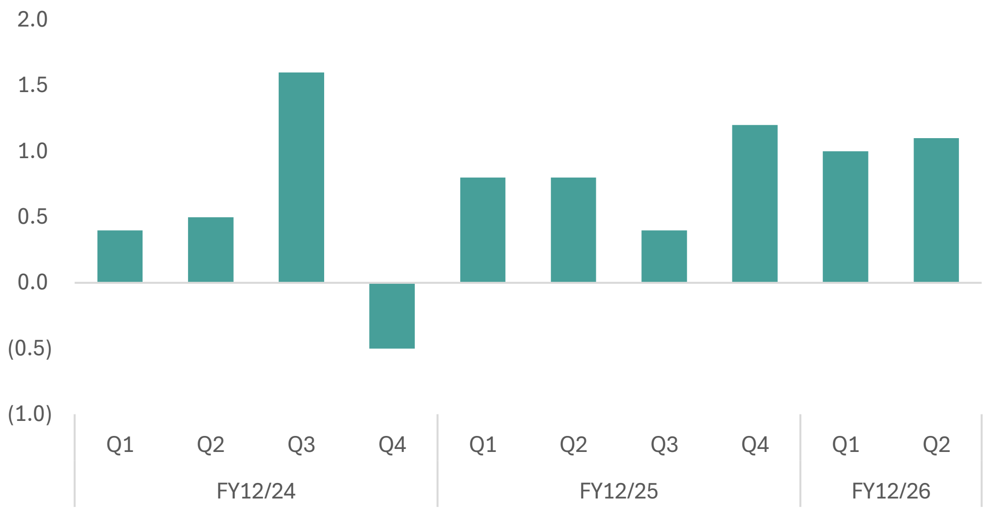


Source: Company

We want to highlight that the Components and Services sub-category revenue grew to ¥1.1bn (approximately +38% YoY) from ¥0.8bn in Q2 FY12/25. We believe it is the most durable component of the category's growth, with revenue scaling with Rigaku's growing installed base of metrology equipment and, over time, delivering stable recurring revenues **independent of system delivery timing.**

Components and Services revenue is showing signs of stabilization as Rigaku's equipment installed base grew

Quarterly Components and Services revenue (¥bn)



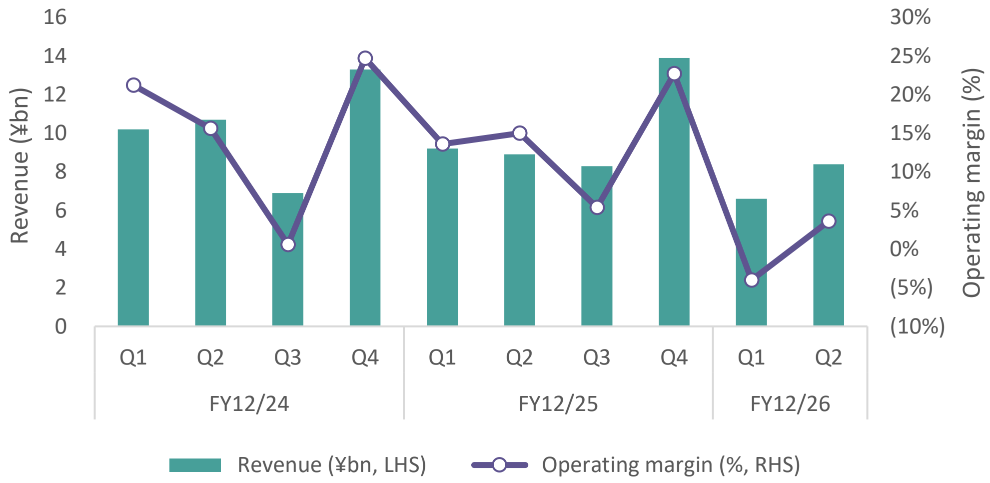
Source: Company, Astris Advisory estimates

Multipurpose Analytical Instruments

Q2 revenue declined -6.1% YoY to ¥8.4bn but grew +27.3% QoQ, with operating profit returning to ¥0.3bn from a -¥0.2bn operating loss in Q1. Academia and government weakness, driven by US policy and now extending to Europe and Asia, persisted longer than the Company expected, although gross margin held broadly flat on an improved mix.

Rigaku believes revenue has troughed in H1 and is expected to improve meaningfully in subsequent quarters based on backlog

Quarterly category revenue (¥bn) and operating margin (%)



Source: Company

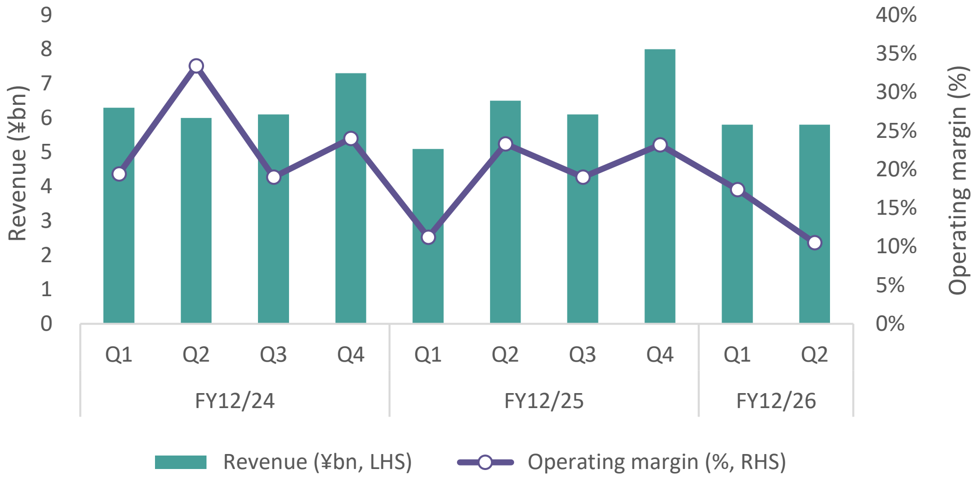
Despite the challenges in H1, the order trajectory is accelerating, improving from +5% YoY in Q1 and +6% in Q2 to over +50% guided for Q3. Rigaku noted that in Q2, Japan orders grew +22% on penetration of power semiconductors and electronic components, orders from the Americas grew over +50% on a large XRTmicron order, and European orders slipped from Q2 to Q3, with Asia and China forecast up approximately +20%. Rigaku continues to believe that there is significant longer-term growth potential for the category in industrial applications.

Components and Services

Q2 revenue declined -11.3% YoY to ¥5.8bn, with operating profit down -60.1% YoY to ¥0.6bn, almost entirely on component sales revenue from EUV multilayer mirrors, handheld Raman analyzers and preclinical imaging shifting into H2. More positively, service revenue grew +11% YoY on price increases and maintenance contract expansion, which we think demonstrates the durability of the service revenue stream with potential for acceleration as the Multipurpose Analytical Instruments category penetrates further into industrial applications.

Revenue has been steady as Services revenue offset weakness in Component and Other Analytical Instruments sales revenue

Quarterly category revenue (¥bn) and operating margin (%)



Source: Company

Rigaku trades at a premium relative to domestic and in line with overseas semiconductor capital equipment peers, which we think reflects the Company's growth runway and position to capitalize on the semiconductor industry's shift towards 3D architecture

Peer analysis of key profitability and valuation metrics

Ticker	Company	Mkt Cap US$ (mm)	Profitability OPM LTM (%)	OPM 10-yr average (%)	ROE LTM (%)	ROIC 10-yr average (%)	Valuation EV/EBITDA 12M Fwd (x)	EV/Sales 12M Fwd (x)	Div yield 12M Fwd (%)	PER 12M Fwd (x)	PBR (x)
268A JP	**Rigaku Holdings Corporation**	**2,351**	**15.3**	**19.0**	**10.7**	**7.4**	**14.5**	**3.8**	**1.4**	**23.7**	**4.3**
Domestic peers											
Scientific Instrument											
7701 JP	Shimadzu Corporation	7,473	13.2	12.7	12.3	11.3	9.7	1.7	1.8	19.4	2.1
6856 JP	Horiba, Ltd.	6,155	16.9	13.8	12.7	9.1	8.9	2.1	2.5	16.8	2.7
7729 JP	Tokyo Seimitsu Co., Ltd	4,590	20.3	19.1	14.4	11.8	12.7	3.4	1.9	21.0	3.8
Semiconductor Capital Equipment											
7735 JP	SCREEN Holdings Co., Ltd	15,801	19.0	13.6	18.9	14.6	11.9	2.9	1.6	19.2	5.1
6920 JP	Lasertec Corp.	19,670	45.7	36.5	33.9	31.3	20.4	9.9	1.1	29.4	12.7
6525 JP	Kokusai Electric Corporation	12,450	18.6	21.7	16.5	11.6	18.5	5.4	0.9	30.7	8.8
6315 JP	Towa Corporation	1,101	15.5	13.2	10.0	8.6	10.2	2.3	1.1	18.2	2.3
Median			**18.6**	**13.8**	**14.4**	**11.6**	**11.9**	**2.9**	**1.6**	**19.4**	**3.8**
Overseas peers											
Scientific Instrument											
BRKR US	Bruker Corporation	8,662	8.5	14.2	-3.4	9.7	14.6	2.8	0.4	24.6	3.6
Semiconductor Capital Equipment											
NVMI US	Nova Ltd.	11,704	29.0	22.1	21.1	14.7	24.0	9.1	0.0	29.2	8.0
ONTO US	Onto Innovation, Inc.	14,311	19.8	17.0	6.8	10.5	22.4	8.1	0.0	28.0	7.4
CAMT US	Camtek Ltd	6,843	23.2	18.8	5.6	12.7	31.1	9.6	0.0	33.0	9.6
KLAC US	KLA Corporation	239,543	41.4	37.3	87.5	32.0	26.5	12.9	0.5	32.4	37.7
ACLS US	Axcelis Technologies, Inc.	3,873	10.3	15.2	8.9	18.2	21.0	3.7	0.0	25.8	3.6
VECO US	Veeco Instruments Inc.	2,909	4.3	1.9	2.6	-1.7	14.3	2.8	0.0	18.4	3.2
MKSI US	MKS Inc.	18,289	16.7	17.8	15.9	7.5	13.1	3.8	0.4	16.9	6.1
KLIC US	Kulicke & Soffa Industries, Inc.	4,423	13.1	11.5	13.2	9.9	9.1	2.7	-	14.8	4.9
Median			**16.7**	**17.0**	**8.9**	**10.5**	**21.0**	**3.8**	**0.0**	**25.8**	**6.1**

Source: FactSet, Bloomberg, Astris Advisory
Note: LTM is the last 12 months

Astris earnings estimates and key assumptions

Our core earnings estimates remain unchanged following Rigaku's Q2 FY12/26 results and reflect the following key factors:

- Successful execution of the Company's FY12/26 guidance, particularly on the execution of growth initiatives at the Semiconductor business.
- Longer-term growth reflects successful conversion of the Company's order pipeline and key semiconductor customers executing on their capex plans.
- We have not factored in shifts in the trajectory of the macro and the subsequent impact on semiconductor demand and government R&D funding.
- We have not factored in any M&A activity.

Astris Advisory earnings estimates

Year-end	FY12/26E	FY12/27E	FY12/28E
Multipurpose Analytical Instruments	41.51	43.03	44.71
Semiconductor Process Control Instruments	33.51	45.19	58.86
Components and Services	26.21	27.75	29.41
Sales (¥bn)	**101.23**	**115.97**	**132.98**
Growth YoY (%)	+7.5	+14.6	+14.7
Adj. operating income (¥bn)	**21.77**	**27.37**	**33.19**
Adj. operating income margin (%)	21.5	23.6	25.0
ROE (%)	14.1	16.8	18.8
ROA (%)	6.8	8.3	9.7
DPS (¥)	**19.00**	**22.00**	**27.00**
Dividend yield (%)	1.2	1.3	1.6

Source: Astris Advisory

The core assumptions of our estimates are as follows:

- **Sales growth** – We believe the Company's sales growth will be driven by continued double-digit revenue growth at the Semiconductor Process Control Instruments business, driven by increasing adoption of X-ray metrology in leading-edge manufacturing processes for logic, memory, and advanced packaging.
- **Profitability** – We forecast improving profit margins from increasing mix of next-generation semiconductor metrology equipment, which have higher gross margins.

Summary

Rigaku Holdings' X-ray technology is seeing growing adoption within the semiconductor industry as leading edge chip designs require increasingly complex manufacturing processes.

Rigaku Holdings is a Tokyo-based X-ray scientific instruments manufacturer founded in 1951 and over time has evolved into a semiconductor capital equipment company leveraging its X-ray expertise and execution of its "Lab to Fab" strategy. Rigaku's Semiconductor Process Control Instruments business is now the primary driver of both growth and earnings, and holds a global leadership position in X-ray semiconductor metrology (simplistically, a part of process control). The Company is also a global leader in X-ray scientific and analytical instruments.

We believe, given Rigaku's strong execution track record, that the Company is well positioned to capitalize on the semiconductor industry's ramping capex cycle to meet the AI-driven exponential growth in demand for computing capacity, and deliver accelerated growth.

The following findings from our initiation report underpin the thesis:

- **The semiconductor industry is rapidly shifting towards "3D" designs in the pursuit of more computing performance required by AI.** These chips require an increasingly complex manufacturing process where existing optical-based metrology equipment is not effective, with fabs turning to X-ray-based metrology equipment. Current demand from the semiconductor industry for X-ray metrology equipment remains nascent and is set to grow as manufacturing complexity increases over the next decade based on industry product roadmaps in logic, memory, and packaging. A long growth runway is still ahead.
- **Rigaku built its Semiconductor Process Control Instruments business from scratch and took share from incumbents** through an effective sales strategy, investment in R&D, and focus on co-development with customers. The Company's strong track record of execution also extends to its product offerings, which were developed in partnership with leading chipmakers and WFE.

Astris Advisory estimates Rigaku will drive medium-term growth through:

Rigaku has outlined a ¥100.0bn target for its Semiconductor Process Control Instruments business by FY12/30

- Continued double-digit revenue growth at the Semiconductor Process Control Instruments business, driven by increasing adoption of X-ray metrology in leading-edge manufacturing processes for logic, memory, and advanced packaging.
- Improving profit margins from increasing mix of next-generation semiconductor metrology equipment, which have higher gross margins.

Based on our estimates, the shares are trading on estimated FY12/27 PER of 22.6x, which is more in line with semi-cap peers than scientific instrument peers.

IFRS Financial Summary

Income statement (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Sales	**90.65**	**94.19**	**101.23**	**115.97**	**132.98**
COGS	(35.36)	(41.31)	(42.52)	(46.39)	(50.53)
Gross profit	**55.30**	**52.88**	**58.71**	**69.58**	**82.45**
Gross profit margin (%)	61.0	56.1	58.0	60.0	62.0
Operating profit	**18.37**	**16.71**	**19.77**	**25.37**	**31.19**
OP margin (%)	20.3	17.7	19.5	21.9	23.5
Non-operating income	0.37	0.41	0.39	0.40	0.39
Non-operating expenses	-	-	-	-	-
Ordinary profit	**17.98**	**15.97**	**18.91**	**24.37**	**30.18**
Extraordinary gains	-	-	-	-	-
Extraordinary losses	-	-	-	-	-
Pre-tax profit	**17.98**	**15.97**	**18.91**	**24.37**	**30.18**
Tax	(4.36)	(4.57)	(6.05)	(7.80)	(9.66)
Effective tax rate (%)	24.3	28.6	32.0	32.0	32.0
Net income	**13.62**	**11.40**	**12.86**	**16.57**	**20.52**
Non-controlling NI	-	-	-	-	-
Parent attributable NI	**13.62**	**11.40**	**12.86**	**16.57**	**20.52**
Sales growth YoY (%)	+13.5	+3.9	+7.5	+14.6	+14.7
OP growth YoY (%)	+20.4	-9.0	+18.3	+28.4	+22.9
Pre-tax profit YoY (%)	+21.3	-11.2	+18.4	+28.9	+23.9
NI growth YoY (%)	+24.9	-16.3	+12.8	+28.9	+23.9

Cash flow statement (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Profit before tax	**17.98**	**15.97**	**18.91**	**24.37**	**30.18**
Depreciation/amortization	4.87	5.13	5.47	6.26	7.18
Changes in working capital	(2.79)	(7.50)	(0.43)	(6.54)	(6.11)
Other non-cash items	0.22	0.43	-	-	-
Tax paid	(5.67)	(4.65)	(6.05)	(7.80)	(9.66)
Cash from Operating Activities	**14.60**	**9.39**	**17.90**	**16.29**	**21.59**
Capex	(6.36)	(6.65)	(7.79)	(8.12)	(8.64)
Acquisitions/increase stakes	0.02	0.08	-	-	-
Other investing cash flow	0.29	(0.06)	-	-	-
Cash from Investing Activities	**(6.05)**	**(6.63)**	**(7.79)**	**(8.12)**	**(8.64)**
Total cash dividends paid	-	(2.83)	(4.32)	(5.00)	(6.13)
Debt issuance/(retirement)	(1.28)	0.17	-	-	-
Equity financing/(buybacks)	(0.00)	(2.73)	-	-	-
Other	(1.16)	(1.21)	(1.21)	(1.21)	(1.21)
Cash from Financing Activities	**(2.44)**	**(6.60)**	**(5.52)**	**(6.21)**	**(7.34)**
FX impact	1.36	0.12	0.74	0.43	0.59
Net cash flow	**7.47**	**(3.72)**	**5.32**	**2.40**	**6.19**
Free cash flow	8.24	2.73	10.10	8.17	12.95
EBITDA	23.24	21.84	25.23	31.63	38.37
EBITDA margins (%)	25.6	23.2	24.9	27.3	28.9
Free cash flow margin (%)	9.1	2.9	10.0	7.0	9.7
Free cash flow conversion (%)	45.8	17.1	53.4	33.5	42.9
Capex/sales (%)	7.0	7.1	7.7	7.0	6.5
Capex/depreciation (%)	130.7	129.8	142.6	129.6	120.4
CFO margin (%)	16.1	10.0	17.7	14.0	16.2

Balance sheet (¥bn)	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Cash & equivalents	27.99	24.28	29.59	31.99	38.18
Inventory	21.12	20.88	22.44	25.70	29.47
Accounts receivables	20.28	28.44	30.56	35.02	40.15
Other	1.84	2.69	2.90	3.32	3.80
Current assets	**71.23**	**76.29**	**85.49**	**96.03**	**111.61**
Tangible assets	25.40	29.06	31.39	33.24	34.70
Intangible assets	79.12	78.42	76.42	74.42	72.42
Investment in affiliates	-	-	-	-	-
Other	1.80	1.45	1.45	1.45	1.45
Fixed assets	**106.32**	**108.92**	**109.25**	**109.11**	**108.57**
Total assets	**177.55**	**185.21**	**194.74**	**205.14**	**220.18**
Short-term borrowing	5.01	8.20	8.20	8.20	8.20
Trade creditors	7.10	8.14	8.76	9.56	10.41
Other	17.82	17.25	20.09	20.89	23.31
Current liabilities	**29.93**	**33.58**	**37.04**	**38.64**	**41.92**
Long-term borrowing	56.59	53.97	53.97	53.97	53.97
Other LT liabilities	9.25	9.26	9.26	9.26	9.26
Long-term liabilities	**65.84**	**63.23**	**63.23**	**63.23**	**63.23**
Shareholder's equity	**81.77**	**88.40**	**94.47**	**103.27**	**115.04**
Share acquisitions rights	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total net assets	**81.77**	**88.40**	**94.47**	**103.27**	**115.04**
Total liabilities & net assets	**177.55**	**185.21**	**194.74**	**205.14**	**220.18**

Key metrics	FY 12/24	FY 12/25	FY 12/26E	FY 12/27E	FY 12/28E
Profitability					
Gross margin (%)	61.0	56.1	58.0	60.0	62.0
Operating margin (%)	20.3	17.7	19.5	21.9	23.5
Net margin (%)	15.0	12.1	12.7	14.3	15.4
ROA (%)	8.0	6.3	6.8	8.3	9.7
ROE (%)	**18.5**	**13.4**	**14.1**	**16.8**	**18.8**
ROCE (%)	12.4	11.0	12.5	15.2	17.5
ROIC (%)	10.3	8.1	8.8	10.7	12.4
Liquidity					
Current ratio (x)	2.4	2.3	2.3	2.5	2.7
Quick ratio (x)	1.7	1.6	1.7	1.8	2.0
Leverage					
Debt/Equity ratio (x)	0.8	0.7	0.7	0.6	0.5
Net Debt/Equity ratio (x)	0.4	0.4	0.3	0.3	0.2
Equity ratio (x)	0.46	0.5	0.5	0.5	0.5
Interest cover (x)	24.3	14.6	15.9	18.1	22.3
Net Debt/EBITDA (x)	1.4	1.7	1.3	1.0	0.6
Valuation					
EPS reported (¥)	60.4	50.2	56.6	72.9	90.3
PER (x)	**27.3**	**32.8**	**29.1**	**22.6**	**18.2**
Diluted PER (x)	**27.3**	**32.8**	**29.1**	**22.6**	**18.2**
DPS (¥)	3.0	18.8	19.0	22.0	27.0
Dividend payout ratio (%)	5.0	37.5	33.6	30.2	29.9
Dividend yield (%)	**0.2**	**1.1**	**1.2**	**1.3**	**1.6**
Total shareholder return (%)	**0.2**	**1.9**	**1.2**	**1.3**	**1.6**
Free cash flow yield (%)	2.2	0.7	2.7	2.2	3.5
Diluted free cash flow yield (%)	2.2	0.7	2.7	2.2	3.5
PBR (x)	**4.6**	**4.2**	**4.0**	**3.6**	**3.3**
EV/sales (x)	4.7	4.5	4.2	3.6	3.2
EV/EBITDA (x)	18.2	19.4	16.8	13.4	11.0
EV/EBIT (x)	23.0	25.3	21.4	16.7	13.6

Source: Company, Astris Advisory (estimates)

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