

Date: 5/4/2018

S. T. CORP (4951, JP)

Exchange: Tokyo Stock Exchange 1st
Sector: Deodorizers and air fresheners
Market Cap: JPY61 billion
P/B: 1.6x (3/18 act)

Recommendation: Outperform
Share Price: JPY2,659 (5/2/2018)
Target Price: JPY3,535
P/E: 23.9x (3/19 CE)
Div. Yield: 1.4% (3/19)

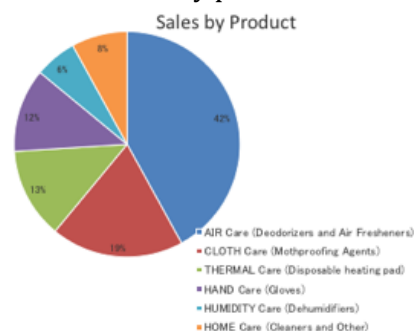


Highlight – Gear up for growth from business reform

METRICAL maintains S.T. CORPORATION “Outperform” revising upward the target price to JPY3,503 from JPY2,201 on the previous report a year ago. Ms. Takako Suzuki has focused on business reform for 5 years since she became the president. Meantime, OP margin grew from 4.5% for FY3/2014 to 7.2% for FY3/2018, and projects further business expansion for the next 5 years. The business reform spread comprehensively in production, marketing and product development. This enhanced each division to cooperate together for and helped the goals of expanding market, market share and profit margin to pull higher. The new growth policy maintains focusing on customer need as S.T. Corporation considers as important what customer wants and how the company deliver the value to customer easily as much as possible at glance, picking up and using the product. Women perspective/standpoint is a key strategy, as 70% of customer is women. Therefore, the company increases more women employees in each division such as marketing, product development, research and production etc. Diversity or utilize more women employees would be a crucial contributor for the recent recovery and driver for the sustainable growth of the company. The share price surged from a year ago, hitting its all-time high to JPY3,060 in November and is coming back again after the financial reporting of FY3/2018. Considering the positive outlook for the mid-term, over-valuation is likely to be eased off. DCF value is estimated at JPY3,535 and peer comparison approach does not look over-valuation on peer’s comparison, too.

Business Description

S.T. Corporation was founded as S.T. Chemical Plant in 1946 and expanded to air fresheners dehumidification agent from insecticides and home-use gloves. See the sales by product chart below.



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AIR Care (Deodorizers and Air Fresheners)

AIR Care products include deodorizers and air fresheners, accounting for 43% of total sale. Deodorizers gains 79% and air fresheners owns 26% of domestic market share. These products lead the company's sales growth.



CLOTH Care (Mothproofing Agents)

CLOTH Care products include mothproofing agents that owns 50% of domestic market share, maintaining high profitability as one of original products since the company was founded.



THERMAL Care (Disposable Heating Pad)

Thermal Care products include Disposable Heating Pad that owns 17% of domestic market share and sells in gap season winter.



HAND Care (Gloves)

HAND Care products include home-use gloves that owns 24% of domestic market share and sells in overseas market such as Wal-Mart stores in U.S.



HUMIDITY Care (Dehumidifiers)

HUMIDITY Care products include dehumidifiers that owns 38% of domestic market share and the market has been originated by the company. The products are selling mainly in rainy season in June-July in Japan.

HOME Care (Cleaners and Other)

HOME Care products include cleaners and other home-use products as well as newly developed products.

Industry Overview and Competitive Positioning

Industry Overview

The markets are likely to expand at slower rate in Japan where the number of household will be decreasing gradually. Mothproofing Agents market that S.T. increased its market share to 51.4% for 2017 but the overall market decreased from JPY20.7 billion for 2013 to JPY19.1 billion for 2017. Disposable Heating Pad market that S.T. owns 2nd largest share of 16% was in range from JPY3.0 billion to JPY34 billion despite of temperature in winter. Household use gloves increases from JPY9.2 billion for 2013 to JPY10.7 billion for 2017, maintaining its 24% market share. On the other hand, 2 products show positive growth. Deodorizers & Air Fresheners market grew JPY56.7 billion for 2013 to JPY59 billion for 2017, and Dehumidifiers market increased from JPY7.6 billion to JPY8.2 billion for the same period. Household consumer goods are very likely to slow alongside the decrease in the number of family in Japan. However, Deodorizers & Air Fresheners market does not look the same case. There is still potential for elderly care use. Such deodorizers & air fresheners products are more likely to be used in elderly care nursing facilities going forward.

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Competitive Positioning

Buyers (Middle risk):

S.T. sells its products to wholesalers such as PALTAC (8283, JP) and Arata (2733, JP) that are expanding bargaining power through a number of business combinations. Also, in retail industry, drug stores are also gaining large buying power recently and prices of consumer goods come under pressure. Meantime, S.T. CORPORATION has changed the game, focusing on selling high priced products rather than commodities. For instance, S.T. lost 5% sale YoY but raised 10% gross profit YoY in dehumidifiers and gained 7% gross profit from increasing 3% sale YoY in gloves for FY3/2017. S.T. tries to promote differentiation strategy from price competition in commodity goods and the strategy is currently apparently doing well. OP margin improved from 4.5% in FY3/2014 to 7.2% in FY3/2018. Sales discount also been decreased from JPY857 million in FY3/2014 to JPY499 million in FY3/2018. Therefore, buyers risk would be slightly lowered to middle.

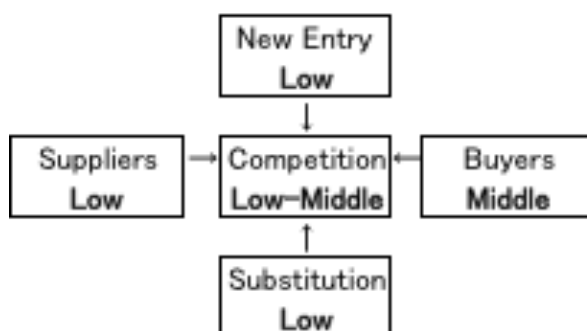
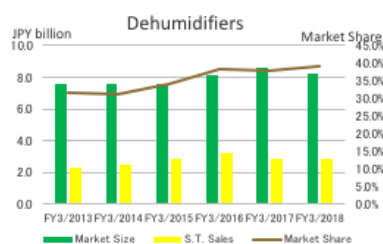
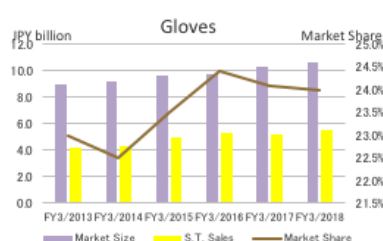
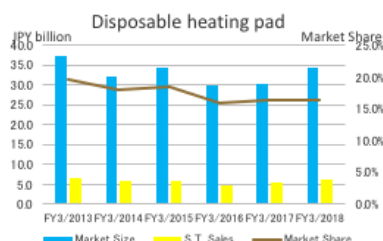
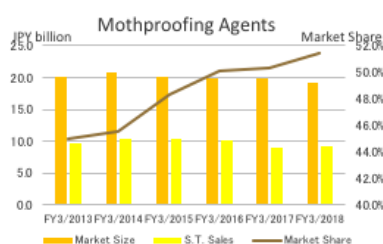
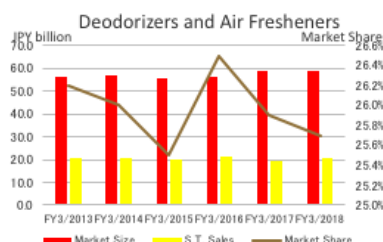
Suppliers (Low risk):

S.T. has close and long-term relationship with suppliers since its operation started in 1946. Suppliers risk would be minimal at this moment.

Competition (Low risk): Due to its high market share and limited number of players in domestic market, competition risk in industry would be low.

New Entry (Low risk): The market size of each product field is relatively small such as JPY60 billion for even largest market of Deodorizers & Air Fresheners market. It would not easy to enter into such small markets, even though the products in nature requires high technology.

Substitution (Low-Middle risk): Due to its nature of products, household goods that S.T. provides to the consumers could be replaced relatively easily. However, those makers always monitor consumer's preferences and launch and develop value added products every year in order to get attention from them.



Future Growth and Organization

Growth Policy

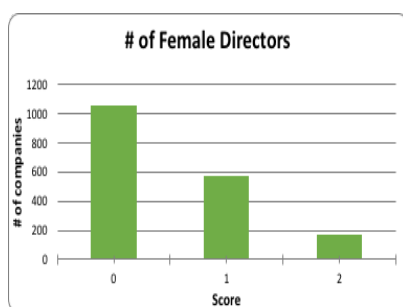
S. T. Corporation has set the agenda for gearing up the growth stage, maintaining top market share in core products, developing new products/market and expanding overseas market. Concretely, the company aims at increasing market share in Deodorizers and Air Fresheners market that is much larger market size than other market such as Mothproofing Agents, Gloves and Dehumidifiers and more opportunity of future growth in developing aging care usage. Also, rapid growth of online shopping should the company strengthening e-Commerce channel, and penetration into overseas market should accelerate in Asia. For accomplishing them, utilization of women workforce remains key strategy as majority of customers is women and women perspective directly connects to customer need. S. T. Corporation has input female forces into workplace and continues to increase female workforce.

Diversity

Of the total regular employees 415, male is 299 and female is 116. The % of women employees is 28% but 14 women will be hired of total 21 new employees for this year. Senior position such as manager is dominated by male at the moment, but the female president plans to increase women managers, stating ideally to raise the % to 50%. Diversity or increasing women perspective approach is a key driver of the growth policy.

Governance Structure

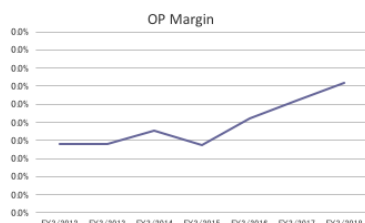
Its governance structure of 'the company with committees' is the most progressive structure in Japan. The company employs the scheme in 2004 and independent outside directors is comprised of 4 of the total 9 board directors. Of the 9 directors, 3 are female directors, including 1 executive director and 2 independent outside directors, the board consists of much more female directors than average in Japan. However, in addition to the independent outside directors' shortage to majority of the board, each committee level of Nomination, Compensation and Audit has the same issue that the majority of the committees is comprised by executive directors although an independent outside director is in charge of chair of the committee. The company is deemed as a family company and the founder's 'Suzuki' family runs the company and controls through the largest shareholder, family-company Shaldan Co., Ltd (25.1% ownership). This resulted in quick move to the governance structure of company with committees and hiring independent outside directors more than average of Japanese corporations but maintaining less than half of total directors. However, good point of the family company is allying with shareholders, as the family is the large owner.



Business Outlook

Full Year FY3/2018 Result

Total sale was up 5.8% YoY to JPY48,826 million and OP, RP and NP surged 21.9% YoY to JPY3,480 million, 19.5% YoY to JPY3,469 million and 32.6% YoY to JPY2,409 million, as product mix continues improving and the sales grew faster than the increase of marketing expense. Dividend is raised from JPY24 a share to JPY31 per annum.



Full Year FY3/2018 Outlook by company

S.T. posted its outlook for FY3/2019. Sale is projected to increase 8.8% YoY to JPY52,500 million, and OP, RP and NP are expected to rise 12.0% YoY to JPY3,900 million, 8.1% YoY to JPY3,750 million and 1.7% YoY to JPY2,450 million respectively. Annual dividend will increase to JPY36 a share.

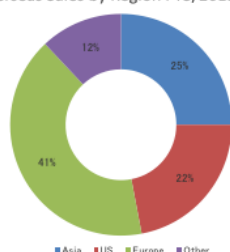
FY3/2018 forecast by METRICAL

METRICAL expected the full-year earnings to be in-line with the projection. Sale is expected to increase 7.6% YoY to JPY52,322 million, and OP, RP and NP are expected to rise 12.7% YoY to JPY3,922 million, 9.8% YoY to JPY3,810 million and 7.0% YoY to JPY2,578 million respectively due to continuous improvement in COGS (see Appendix).

Mid-Term Projection

For the mid-term growth, key includes 2 strategies of increasing market share in core products and expanding overseas sale. S.T. has replaced to high-priced products from commodities. As a result, the sale of high added value products rose to 20% of its total sale right now. Market development in Thailand was behind the schedule, as new products delayed launching in the market after the king of Thailand passed away last year. However, new products in TV commercial film are getting popular and the project is likely to go well. Sales and profits are likely to grow at mild rate for the mid-term. The sale is expected to grow approximately JPY60,000 million and OP margin to keep improving to 8% for FY3/2021 (see Appendix).

Overseas Sales by Region FY3/2018



Valuation

There would be some room of rising share price on the following valuations. DCF value is estimated to be JPY3,506 a share, using present value of projected FCF for the period FY3/2019 (E) to FY3/2021 (E) and terminal value by WACC of 3.1%. Multiples do not look expensive compared with that of peers. If the company catches up with Kobayashi, the multiples should go higher. EV/EBITDA remains higher on historical average, but the improve in sales and profitability has pushed the number higher. SOTP NAVs shows more conservative values, but the share price at May 2nd is verified and SOTP NAV considering mid-term earnings for FY3/2021 (E) shows 8% room for revaluation.

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DCF - S.T. Corporation (4951 JP)		JPY million
PV of SUM of FCF		3,901
PV of Terminal Value		62,340
Enterprise Value		66,241
Non Business Assets		17,041
Debt		5,545
Equity Value		77,737
Equity Value/Share		3,535

WACC - S.T. Corporation (4951 JP)	
Debt	5,545
Equity Market Value	61,157
Risk free Rate	0.6%
Equity Risk Premium	5.0%
Beta	0.56
Cost of Debt	0.0%
Cost of Equity	3.4%
WACC	3.1%

DCF

DCF valuation uses expected free cash flows from FY3/2018 to FY3/2021 (E). The sales are expected on the expectations of mild growth for the mid-term and OP margin rises to 7.2% for FY3/2018 to 8.0% for FY3/2021 (see Appendix). The DCF value is estimated based on the PV of expected FCFs for the next 3 years and the terminal value divided WACC of 3.1% (see tables on left). On the assumptions, the valuation of DCF is estimated to be JPY3,535 a share (see Appendix).

Peer Comparison

There would be room of upside potential for the share price on peer comparison. Considering the 2nd highest profit margins after Kobayashi Pharm, valuation of S.T. looks lower in Price/Book, Price/EBIT, Price/EBITDA and Price/FCF (see table below). S.T. Corporation does not look expensive against Earth Chemical and Fumakilla in comparative multiples and is likely to move higher and revalued if the company is accelerating its sale and profits as Kobayashi has grown at much higher rate for the past years.

	Kobayashi Pharm (4967, JP)	Earth Chemical (4985, JP)	Fumakilla (4998, JP)	S.T. CORP (4951, JP)
Share Price (2018/5/2)	JPY 9,430	JPY 5,710	JPY 2,140	JPY 2,659
Market Cap (JPY million)	773,732	115,456	35,289	61,157
Sales	156,761	179,738	42,362	48,626
EBIT	22,925	4,456	2,277	3,480
EBITDA	26,444	9,744	3,073	4,470
EBIT Margin	14.6%	2.5%	5.4%	7.2%
EBITDA Margin	16.9%	5.4%	7.3%	9.2%
Price/Sales	4.9	0.6	0.8	1.3
Price/Book	3.0	2.0	2.1	1.6
Price/EBIT	33.8	25.9	15.5	17.6
Price/EBITDA	29.3	11.8	11.5	13.7
Price/FCF	47.3	28.0	24.6	21.6

(Source) Kobayashi Pharm, Earth, Fumakilla, S.T. CORP, METRICAL

EV/EBITDA

EV/EBITDA remains higher from 5x for FY3/2016 but the profit margin improved year by year and the sales had hit the bottom and resumed increasing since FY3/2017. In case of increasing sale and profitability, EV/EBITDA should move from the range of 5x from FY3/2014 to FY2016. (see the Table below).

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19 (E)	Mar-20 (E)	Mar-21 (E)
Avg. Mkt. Cap	JPY 22,182	JPY 22,005	JPY 23,830	JPY 57,813	JPY 52,007	JPY 54,074	JPY 54,074	JPY 54,074
EV	JPY 17,672	JPY 16,208	JPY 18,395	JPY 48,385	JPY 41,185	JPY 42,951	JPY 42,225	JPY 41,262
EV/EBITDA	5.84	6.10	5.30	12.57	9.26	8.76	7.92	7.18

Sum-of-the Parts Valuation

Sum-of-the-Parts (SOTP) value is business value of each business segment that is normalized EBIT, EBITDA and FCF from FY3/2012 to FY3/2019 (E) by multiples based on the lowest value in EBIT, EBITDA or FCF of peers and added to net cash and long-term investment securities and land. SOTP value for FY3/2019 (E) is estimated to be JPY2,551 a share based on 15.5x of EBITDA plus net cash and long-term investment. The share price is slightly above the closing price of May 2nd, 2018. SOTP value including earnings for FY3/2021 (E) is estimated to be JPY2,901a share (see the Table below).

NAVs:			NAVs:		
Sum of the parts NAV (FY2018/3 (E)):			Future NAV (2020/3 (E)):		
Consumer Products	1,692	15x EBIT	Consumer Products	1,968	15x EBIT
Cash	531	1x Book	Cash	604	1x Book
Land	111	0.75x Book	Land	111	1x Book
Investment	264	0.75x Book	Investment	264	1x Book
Debt	(19)	1x Book	Debt	(19)	1x Book
Minority	(28)	1x Book	Minority	(28)	1x Book
Total SOTP NAV	JPY 2,551	104.2%	Total Future NAV	JPY 2,901	91.7%



Financial Analysis

S.T. has maintained stable positive free cash flow, operating cash flow and working capital, and is expected to stably grow free cash flows for the next few years. In addition, S.T. has strong balance sheet with little debt. Its business requires relatively less intensive capital investment. Average CapEx for 17 years from FY3/2001 to FY3/2017 was JPY921 million. The company projects to build a new plant but the CapEx is within its free cash flow. For the consumer goods maker, marketing promotion cost such as advertising expenditure impacts more on the earnings. SG&A expense is well managed at the moment. Operating cash flow has been improving due to the recovery of profitability and the decrease in inventory for 5 years. This is expected to continue for the mid-term.

Investment Risks

Decelerating the number of family (Very Likely, High Risk)

The decrease in the number of household is inevitable due to decrease in the population in Japan. This is material risk for the company and S.T. tries to develop elderly care market for its air fresheners demand, as senior aged population is accelerating right now. S.T. also aims to expand overseas sales from JPY3.5 billion and 7.2% of its total sales for FY3/2017. This is one of the agendas for growth strategy.

Sagging consumer spending (Likely, Middle Risk)

For deflation economy of Japan, it is a tough for the consumer goods maker to expand the sale continuously. Consumers tend to buy lower priced goods in slower growth in real wages as well as higher burden of social insurance burden. In order to solve the slower recovery of consumer expenditure, S.T. changed the game, focusing on higher price products and abolishing low profitable products. Higher priced air fresheners that is targeted at women customers are selling well for the previous fiscal year. Also, Aroma oil has been launched through e-Commerce and mail-order channel.

Consumption tax hike (Very Likely, Low-Middle Risk)

According to the current schedule of next tax hike has been set in October 2019. Of course, further postpone of the tax hike is also likely due to slower economic recovery in Japan. OP plunged by 15% YoY for FY3/2015 at the previous consumption tax hike in April 2014.

Succession of management (Likely, Middle Risk)

S.T. CORPORATION has been run by Suzuki family and should clarify how the company keeps sustainable growth as a going-concern organization, although a family company performs superior according to statistical research in the world. The board of directors is managed by the structure of company with committees. However, nomination committee is comprised of 3 family members of total 5. For sustainable growth, the management should limit the governance risk in future.

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Appendix

FY2014/3	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q	9,426	-5,000	4,426	-4,344	82	189	191	-39	4	155	7.17	
2Q	12,534	-6,722	5,812	-4,546	1,266	1,092	1,062	-390	3	676	31.12	
3Q	13,703	-8,848	4,855	-4,514	341	-120	84	61	-28	116	5.36	
4Q	11,329	-6,410	4,919	-4,377	442	335	300	5	-18	286	13.08	
Full Year	46,992	-26,980	20,012	-17,881	2,131	1,496	1,637	-363	-39	1,233	56.73	
FY2015/3	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q	9,659	-5,204	4,455	-4,295	159	51	44	-13	-15	15	0.70	
2Q	13,322	-7,159	6,163	-4,973	1,191	1,101	1,127	-378	43	736	33.66	
3Q	14,026	-9,195	4,831	-4,757	74	133	61	9	-95	30	1.42	
4Q	11,256	-6,677	4,579	-4,190	388	312	303	-174	-19	111	5.04	
Full Year	48,263	-28,235	20,028	-18,216	1,812	1,597	1,535	-556	-86	892	40.82	
FY2016/3	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q	9,042	-5,519	3,523	-3,661	-138	-208	-209	70	-29	-167	-7.70	
2Q	12,975	-7,408	5,567	-3,813	1,753	1,663	1,654	-532	-12	1,108	50.97	
3Q	12,195	-7,995	4,200	-3,878	322	50	35	-97	-40	-102	-4.63	
4Q	10,448	-6,372	4,076	-3,672	404	219	222	-120	-30	73	3.33	
Full Year	44,660	-27,294	17,366	-15,025	2,341	1,724	1,702	-679	-111	912	41.97	63.35
Full Year (CE)	49,500				2,300	1,800				1,050	48.33	55.02
FY2017/3 (E)	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q	9,781	-5,608	4,173	-3,699	474	526	523	-164	-40	318	14.66	
2Q	13,029	-7,247	5,782	-4,073	1,708	1,645	1,652	-466	-35	1,150	52.89	
3Q	12,921	-8,305	4,616	-4,008	609	516	385	-108	-56	222	10.05	
4Q	10,226	-6,313	3,913	-3,850	63	215	191	-67	3	127	5.57	
Full Year	45,957	-27,473	18,484	-15,630	2,854	2,902	2,751	-805	-128	1,818	83.17	31.97
Full Year (CE)	47,400				2,400	2,300				1,450	66.82	39.79
FY2018/3 (E)	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q	10,481	-5,909	4,572	-3,884	739	759	725	-240	-20	464	21.02	
2Q	13,407	-7,295	6,112	-4,282	1,806	1,772	1,766	-553	-8	1,205	54.47	
3Q	13,615	-8,811	4,804	-4,432	400	383	375	-110	-20	245	11.14	
4Q	11,123	-6,518	4,605	-3,996	535	555	612	-117	0	495	22.22	
Full Year	48,626	-28,533	20,093	-16,594	3,480	3,469	3,478	-1,020	-48	2,410	108.85	24.43
Full Year (CE)	49,700				3,500	3,300				2,250	102.9	25.85
FY2019/3 (E)	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q(E)	11,278	-6,302	4,976	-4,202	774	752	752	-239	-21	492	22.36	
2Q(E)	14,426	-7,777	6,649	-4,636	2,012	1,955	1,955	-622	-9	1,324	60.21	
3Q(E)	14,650	-9,407	5,242	-4,798	444	432	432	-137	-22	272	12.37	
4Q(E)	11,968	-6,954	5,015	-4,324	691	671	671	-214	33	491	22.31	
Full Year (E)	52,322	-30,440	21,882	-17,960	3,922	3,810	3,810	-1,212	-19	2,578	117.25	22.68
Full Year (CE)	52,500				3,900	3,750				2,450	111.1	23.94
FY2020/3 (E)	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q(E)	12,034	-6,688	5,346	-4,483	862	837	837	-266	-23	548	24.91	
2Q(E)	15,393	-8,252	7,141	-4,947	2,193	2,131	2,131	-678	-10	1,443	65.62	
3Q(E)	15,632	-9,991	5,641	-5,120	521	506	506	-161	-26	319	14.50	
4Q(E)	12,771	-7,381	5,389	-4,613	776	754	754	-240	0	514	23.37	
Full Year (E)	55,829	-32,313	23,516	-19,164	4,352	4,228	4,228	-1,345	-59	2,824	128.40	20.71
Full Year (CE)												#DIV/0!
FY2021/3 (E)	Sales	COGS	GP	SGA	OP	RP	EBT	Tax	Minority	NP	EPS	P/E
1Q(E)	12,840	-7,098	5,742	-4,797	946	919	919	-292	-26	601	27.32	
2Q(E)	16,425	-8,756	7,668	-5,295	2,373	2,306	2,306	-734	-11	1,561	71.01	
3Q(E)	16,680	-10,611	6,069	-5,480	589	572	572	-182	-29	361	16.41	
4Q(E)	13,627	-7,835	5,791	-4,936	855	831	831	-264	41	607	27.61	
Full Year (E)	59,572	-34,301	25,271	-20,508	4,763	4,627	4,627	-1,472	-25	3,130	142.34	18.68
Full Year (CE)												#DIV/0!

(Source) S.T. CORPORATION, METRICAL

METRICAL INC.

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METRICAL INC.

corporate governance, investment research & solutions

2012/3 2013/3 2014/3 2015/3 2016/3 2017/3 2018/3 2019/3 (E) 2020/3 (E) 2021/3 (E)

Consolidated Balance Sheets

Assets

Current Assets

Cash and Cash Equivalents	6,120	4,692	6,765	7,628	7,565	11,438	11,909	12,211	12,936	13,900
Short-Term Investments	23	85	-	109	-	-	-	-	-	-
Notes and Accounts Receivable, Trade	4,545	4,791	5,150	5,867	5,379	5,220	5,430	5,843	6,234	6,652
Allowance for Doubtful Receivables	(13)	(14)	(16)	(5)	(4)	(4)	(4)	(4)	(3)	(3)
Inventories	5,418	5,190	5,952	5,770	5,926	5,071	6,010	6,467	6,900	7,363
Deferred Income Taxes	364	362	385	370	383	413	382	353	327	303
Other Current Assets	483	426	720	482	458	328	391	421	449	479
Total Current Assets	16,940	15,532	18,956	20,221	19,707	22,466	24,118	25,291	26,843	28,693

Property, Plant and Equipment

Land	3,278	3,253	3,289	3,188	3,195	3,095	3,417	3,417	3,417	3,417
Buildings	1,848	2,899	2,771	2,634	3,342	3,144	3,076	4,080	5,065	6,173
Machinery and Equipment	1,082	1,282	1,481	1,913	1,998	1,762	1,661	1,365	1,032	768
Construction in Progress	86	90	13	374	123	-	776	770	761	752
Total	6,294	7,524	7,554	8,109	8,658	8,001	8,930	9,632	10,275	11,110
Accumulated Depreciation	-	-	-	-	-	-	-	1	2	3
Net Property, Plant and Equipment	6,294	7,524	7,554	8,109	8,658	8,001	8,930	9,633	10,277	11,113

Software & Other intangible assets

Goodwill	182	166	192	219	228	333	261	261	261	261
	-	-	-	-	-	-	-	-	-	-
	182	166	192	219	228	333	261	261	261	261

Other Assets

Investments in and Advances to Associates	58	49	38	30	-	-	11	11	11	11
Investment Securities	5,137	5,203	3,758	4,226	5,284	6,514	8,085	8,085	8,085	8,085
Software & Others	-	-	-	-	-	-	-	-	-	-
Deferred Income Taxes	235	132	411	4	10	10	11	11	11	11
Other	1,438	1,469	1,460	974	1,037	1,132	1,031	1,031	1,031	1,031
Total Other Assets	6,868	6,853	5,667	5,234	6,331	7,656	9,138	9,138	9,138	9,138
Total	30,284	30,075	32,369	33,783	34,924	38,456	42,447	44,322	46,519	49,205

Liabilities and Stockholders' Equity

Equity

Current Liabilities

Bank Loans	-	-	-	-	46	-	174	174	174	174
Notes and Accounts Payable, Trade	5,917	4,625	5,434	4,895	5,184	5,095	5,820	6,262	6,682	7,130
Accrued Expenses	568	506	580	613	2,159	2,405	560	603	643	686
Income Taxes	195	331	278	581	375	1,057	677	728	777	829
Other Current Liabilities	2,098	2,595	2,673	2,919	1,016	1,109	3,010	3,239	3,456	3,688
Total Current Liabilities	8,778	8,057	8,965	9,008	8,780	9,666	10,241	11,006	11,732	12,507

Long-Term Debt

Deferred Income Taxes	333	321	321	304	372	718	1,143	1,143	1,143	1,143
Termination and Retirement Benefits	1,383	1,402	1,719	1,312	1,439	1,368	262	262	262	262
Other Long-Term Liabilities	91	82	278	560	837	893	1,782	1,782	1,782	1,782
	-	-	-	-	46	-	174	174	174	174
Total Liabilities	10,585	9,862	11,283	11,184	11,428	12,645	13,428	14,193	14,919	15,694

Stockholders' Equity

Common Stock	7,065	7,065	7,065	7,065	7,065	7,065	7,065	7,065	7,065	7,065
Additional Paid-in Capital	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067	7,067
Legal Reserve	7,552	7,661	8,837	9,394	9,738	11,015	12,830	14,727	16,759	19,097
Retained Earnings	-	1	-	-	1	2	-	-	-	-
Treasury Stock	(1,784)	(1,786)	(1,651)	(1,653)	(1,734)	(1,487)	(1,229)	(1,229)	(1,229)	(1,229)
Total Stockholders' Equity	19,900	20,008	21,318	21,873	22,137	23,662	25,733	27,630	29,662	32,000
Accumulated other Comprehensive Income	(691)	(336)	(863)	19	638	1,462	2,618	1,848	1,287	860
Warrant	98	108	95	80	75	46	19	19	19	19
Minority Interests in Subsidiaries	394	433	536	628	645	642	651	651	651	651

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DCF - S.T. Corporation (4951 JP)

(In Y million)	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19(E)	Mar-20(E)	Mar-21(E)	SUM of Future FCF
Consumer Products											
Sales	46,354	46,943	46,992	48,263	44,660	45,957	48,626	52,322	55,829	59,572	167,722
EBIT	1,751	1,799	2,131	1,812	2,341	2,854	3,480	3,922	4,352	4,763	13,037
Dep	930	830	894	844	1,128	996	970	980	980	980	2,940
Capex	-918	-1,920	571	-717	-1,684	-440	-1,816	-1,800	-1,500	-1,500	-4,800

Sales
EBIT
Dep
Capex

Sales
EBIT
Dep
Capex

Total (Wkg Capital & CFs)

Wkg Capital	-184	-1,265	-410	-815	557	950	-395	-427	-406	-433	
OCF	1,560	979	2,110	2,136	2,480	5,150	2,660	2,783	3,017	3,255	9,056
Capex	-918	-1,920	571	-717	-1,684	-440	-1,816	-1,800	-1,500	-1,500	-4,800
FCF	642	-941	2,681	1,419	796	4,710	844	983	1,517	1,755	4,256
CAGR FCF										29.5%	
Projection Yrs	2012/3/31	2012/3/31	2014/3/31	2015/3/31	2016/3/31	2017/3/31	2018/3/31	2019/3/31	2020/3/31	2021/3/31	2.8

Cash Flow Analysis (JPY million)	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19 (E)	Mar-20 (E)	Mar-21 (E)
Net Income	75	564	1,233	892	912	1,818	2,410	2,578	2,824	3,130
Dep.	930	830	894	844	1,128	996	970	980	980	980
Amortization	0	0	0	0	0	0	0	0	0	0
Other non-cash charges	739	850	393	1,215	-117	1,386	-325	-348	-381	-422
Changes in WC	-184	-1,265	-410	-815	557	950	-395	-427	-406	-433
Op. Cash Flow	1,560	979	2,110	2,136	2,480	5,150	2,660	2,783	3,017	3,255
Per share	JPY 71.72	JPY 45.08	JPY 97.02	JPY 97.75	JPY 114.22	JPY 236.86	JPY 120.96	JPY 126.57	JPY 137.20	JPY 148.02
Capex	-918	-1,920	571	-717	-1,684	-440	-1,816	-1,800	-1,500	-1,500
Free Cash Flow	642	-941	2,681	1,419	796	4,710	844	983	1,517	1,755
Per share	JPY 29.52	(JPY 43.33)	JPY 123.28	JPY 64.94	JPY 36.66	JPY 216.63	JPY 38.38	JPY 44.72	JPY 68.99	JPY 79.81
Beginning Cash	5,730	5,920	4,469	6,727	6,584	7,552	11,396	11,865	12,211	12,936
Net cash used	190	-1,451	2,258	-143	968	3,844	469	346	726	963
Ending cash	5,920	4,469	6,727	6,584	7,552	11,396	11,865	12,211	12,936	13,900

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