

Seria (2782, JP)

Exchange: JASDAQ

Sector: Retail

Market Cap: JPY292.7 billion

P/B: 6.7x (3/16 act)

Recommendation: BUY

Share Price: JPY7,720 (1/6/2017)

Target Price: JPY8,756

P/E: 30.2x (3/17 CE)

Div. Yield: 0.5% (3/17 CE)

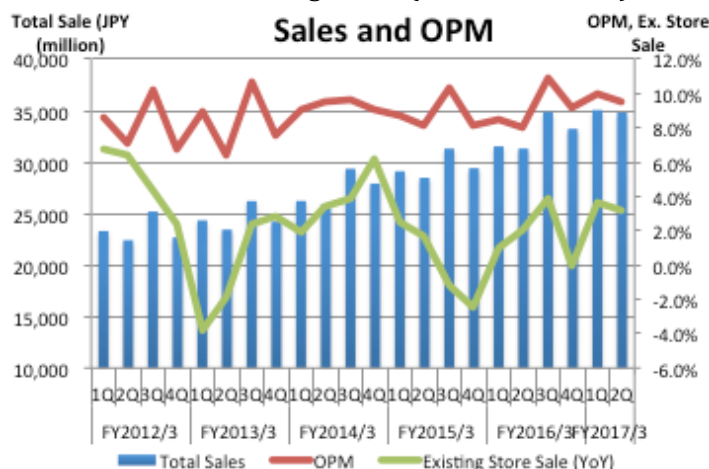
Highlight

Titlis maintains BUY recommendation, raising TP to JPY8,756 on EPS for FY03/2018 (E). Seria's competitiveness mainly comes from tight cost management that is really vital issue for an operator selling goods at single price tag of JPY100. Its integrated cost management system with store sale, inventory and distribution at real-time basis provides analysis of customer need and is used for product development for near term trend of customer demand, too. This results in decreasing opportunity loss as well as decreasing unsold goods at stores. Backed by its competitiveness as well as budget-minded trend of consumer spending, its solid growth is very likely. Seria plans to double its market share and this would enable the earnings to grow more rapidly in mid-term, although Titlis does not include it in projection before further information of the plan. As a result, due to strong competitiveness and solid growth in mid-term, valuation should be supported.



Business Description

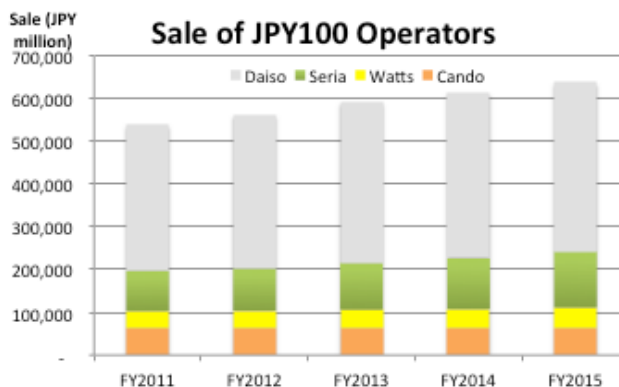
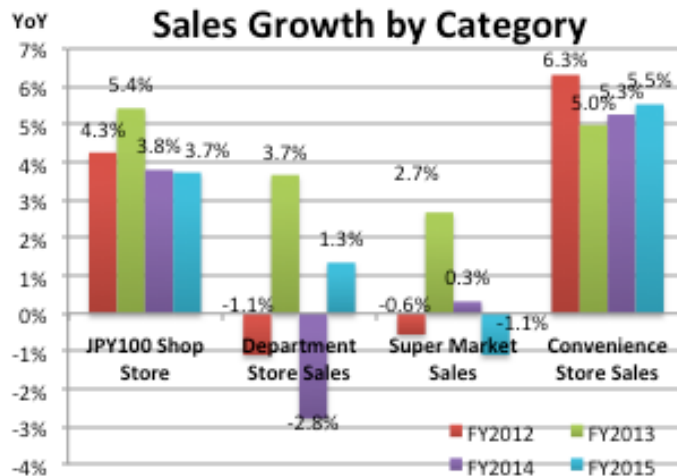
Seria was founded 1987 in Ogaki, Gifu and has grown to the 2nd largest JPY100 shop in Japan. Its nationwide outlets total 1,352 as of December 2016 and are projected to add 130 new stores in this fiscal year. Series focuses on only JPY100 shop business based on low cost operation. The sale grew +10% a year from JPY93,634 million for FY03/2012 to JPY130,983 million for FY03/2016 and is expected to keep growing for the mid-term backed by solid store growth as well as more than 100 new store opening. Operating profit also increased yearly +14% from JPY7,722 million to JPY12,016 million for the same period. Operating profit margin improved from 8.2% to 9.2% due to its innovative cost management (see Chart below).



Industry Overview and Competitive Positioning

Industry Overview

Total sales of large 4 JPY100 shop operators rose 18.3% (4.6% per annum) from 4 years from JPY558 billion for FY2011 to JPY637 billion for FY2015. For other category, Department Store and Super Market grew much slower, as shown bar Chart below, although Convenience Store grew more rapidly than JPY100 shop. However, JPY100 shop showed pretty good sales growth in YoY basis for past 4 years amid soggy consumer spending in Japan. Examining this category, different picture is seen. A giant Daiso (private owned) accounts for 62% of the total sales of 4 companies for FY03/2016 and the other 3 companies share the rest of market. Also, the total sales of 4 companies grew 14.1% for 3years from FY2011 to FY2013, but mostly Daiso and Seria raised the sale 13.7% and 26.4%, while Watts (2735, JP) and Can Do (2698, JP) gained 9.9% and 0.7% respectively for the same period (see Chart below).



Competitive Positioning

Competency in 4 points

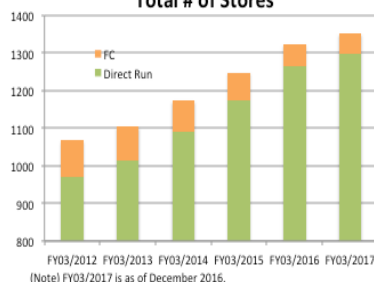
Store Development

As shown 2 Charts below, Seria has accelerated opening new stores from 62 for FY03/2012 to 124 for FY03/2016 and 113 (130 projected for full year) as

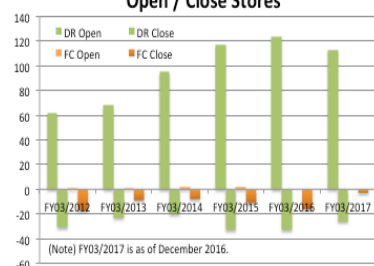
Titlis Group

corporate governance, investment research & solutions

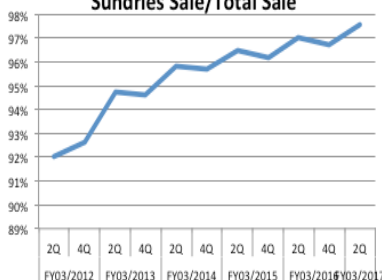
Total # of Stores



Open / Close Stores



Sundries Sale/Total Sale



Inventory Turnover



of December for FY03/2017. In addition, interestingly, Seria has replaced to direct run stores (DR) from franchise stores (FC), as the total4 number of FC decreased from 97 for FY03/2012 to 55 as of December 2016 and new FC stores has not opened since August 2014 (see Charts on left). As far as store design, concept is quite different from other JPY100 shops. Not only bright and tidy but also it is amusing space. I believe anyone who has once visited Series agree with why it is so popular among 10 ager girls. It is a shop that really tickles customer's fancy and makes loose track of time easily, looking at so many adorable goods. Goods at other shops look like useful items, but those of Series are rather sundries that customers go shopping for looking for items of hobby, gift and event with buddy. On Interior display racks and shelving are designed with right height that has no blocking-up, but offers 20,000 items, the largest number of articles in industry. Due to highly support by customers, the company accelerates direct run stores and the higher direct run stores are operated the more likely operating profit increases.

Merchandise Development

Anyone has visited JPY100 shop has felt admiration or been shocked how valuable items are selling at such low price. Seria's real competency is in its management system by using POS (Point Of Sales) data analysis. Seria has introduced POS into the JPY100 shop operation for the first time in Japan in September 2004, which is well known by a success story of Seven-Eleven Japan. The system enables to discover customer's preferences and needs and hence dramatically reduces unsold items as well as opportunity loss. The analysis by POS provides the company and manufacturers working closely with Seria valuable information for targeting new merchandise designs in tune with current trends and the market and helping to judge whether an existing item should discontinue or not if it is not supported by customers. Helped by such a technology, the company has raised sundries while removing floor space for other items such as snack food. Expanding sundry sale that earns higher profit margin is pushing the profit higher. Sundries sale to total sale increased 92.0% for 2Q FY03/2012 to 97.5% for 2Q FY03/2017 (see Chart on left).

Store Operation

In store operation, so-called 'real-time based' POS helps store operation in ordering stock on Internet. Moreover this technology system supports staff, many of who are part-time employees in user-friendly ordering system by Internet based keypad device that has been updated in September 2012. This enables stores to reduce opportunity loss of sale as well as save labor time and also helps inventory turnover from 2.05 month for FY2Q FY03/2013 to 1.83 month for FY03/2016 although it was up to 1.91 month for 2Q FY03/2017 due to the increase of the number of items for this fiscal year (see Chart below).

Distribution Operation

In addition to real-time internet-based POS system that enables head office and each store to find total sales figures of all the stores in real-time as well as

each store's individual product sales information, Seria newly developed original distribution system corresponding to customers' needs linking with POS and ordering support system. With analysis of customer needs backed by the real-time sales information and optimal inventory by ordering system, Seria tries to enhance effective distribution co-working with logistic company based on the new distribution system that employs algorithm data. The system is used for domestic distribution to its stores from 2-distribution centers in Japan but will be applied to marine logistic from China going forward.

Porter's 5 Forces

Buyers (Low risk): Seria is highly supported by customers in particular young ladies due to its pleasant store design and unique products. Its store sale has been growing faster than peer and industry average and its competitive position will continue strong. Therefore, risk of buyers is minimal at this moment.

Suppliers (Low risk): Seria collaborates with manufacturers in co-developing products. Close relation with manufacturers is a key for the company, but its innovative analytical system such as POS that helps to find customer need also plays an important role. Due to current upbeat sale, the relationship is very likely going well. The risk would be marginal.

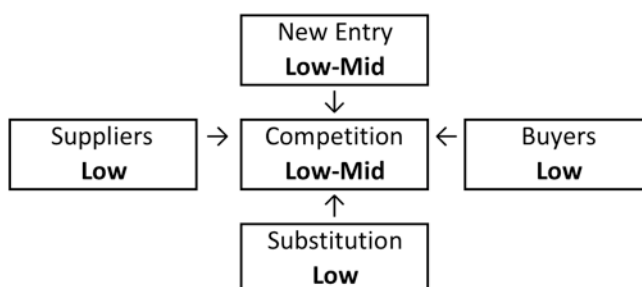
Competition (Low-Mid risk): Due to relatively positive outlook for JPY100 shops, competitors plan to expand stores aggressively. The competition continues hard. But its stronger merchandise development based on customer need analysis is advantageous to rivals. This results in its higher existing store sale growth than peer (See Table below).

	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Simple Average
Cando	101.9%	103.2%	103.2%	101.6%	101.1%	99.4%	100.6%	102.5%	98.5%	99.5%	98.3%	99.4%	100.8%
Watts	101.3%	101.6%	103.4%	101.3%	102.3%	100.9%	101.5%	103.8%	99.8%	101.3%	101.8%	103.2%	101.9%
Seria	105.1%	103.8%	106.0%	103.3%	103.9%	103.1%	104.1%	106.0%	101.1%	102.6%	103.1%	103.5%	103.8%

New Entry (Low-Mid risk): Due to soggy consumption spending in Japan, competition in overall retail sector is intense. Deflation economy and slower recovery of consumer confidence would be tailwind for JPY100 shop operators in general. In this sense, risk of new entry seems to be increasing. However, due to the nature of business of selling an item at JPY100, cost management is a vital issue for new entry. Reducing unsold goods that are unlikely to markdown is essential. Seria's technology-aided analysis and management is highly advantageous for cost management.

Substitution (Low-Mid risk): a number of retailers are selling low-price goods at discount store, DIY store, drug store and super market. However, JPY100 is an ultimate sale price of goods. In this restriction (JPY100 price tag), JPY100 shop operators have established business segmentation, as the shops offer customers worth more than JPY100. Operators like Seria provides value rather than just JPY100 items to customers and customers are more likely to visiting to get something valuable that is worth more than JPY100. Also, sundry is comprised of seasonal goods and are more difficult to manage

merchandise than all year goods. Consequently, significant substitution risk is unlikely for the time being.



Investment Summary

Business Outlook

Titlis expects profits to grow on expectations for strong monthly store sales growth supported by customers. Seria continues emphasizing cost management and customer demand analysis based on advanced POS system.

Competitive Positioning and Risks

Analyzing competitiveness on 5 Forces, Seria has relatively strong competitive positioning. This is mainly due to analysis of customer demand of the company, as Seria has introduced cost management system such as POS, order support system and distribution management system prior to rivals and has developed and improved it again and again. Each system that is integrated, inking each other and provides useful information for expecting customer demand in near term. The analysis of customer need is used for inventory management, product development and distribution management at real-time basis.

Valuation

Examining EV/EBITDA, the share price is less likely to show much undervalue. However, in mid-term view, the valuation on Sum-Of-The-Parts valuation increases in line with its earnings growth for FY03/2020 (E). Titlis's projection for FY03/2020 does not includes accelerating strategy of market expansion mentioned earlier. If included, the NAV or EV/EBITDA would improve further. Currently, Titlis supports TP at JPY8,756 on EPS for FY03/2018 (E), as there is signify correlation between EPS and share price historically and its solid earnings growth is very likely.

Financial Stability

Seria has strong balance sheet and rich free cash flow as well as positive working capital. Free cash flow is expected to grow from JPY7 billion for FY03/2016 to JPY8.8 billion for FY03/2017 (E) and JPY12 billion for

FY03/2020 (E). This will push acceleration of its business expansion and competitive positioning in industry higher.

Business Outlook

Monthly Store Sale

The company projects existing store sale to inch down 0.1% YoY for FY03/2017, but actual sale grows more than company's projection to +3.5% YoY. Although sale in October and December of the previous year were pretty strong number of 5.9% and 5.1% YoY, that of the same month in this year grew favorably at 3.1% and 4.0% YoY due to the expansion demand of goods for Halloween and Christmas. Store sale is expected to maintain solid growth +2.8% YoY for full year at, +1.1% YoY for FY03/2018 (E), +2.3% YoY for FY03/2019 (E) and +1.1% YoY for FY03/2020 (E) (see Table below).

Existing Store Sales Growth (% YoY)

Month	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3
4	5.7	0.4	-0.5	2.1	1.4	3.9	-0.5	3.9	-0.5
5	6.7	-1.7	2.2	4.1	2.8	3.1	0.3	3.1	0.3
6	7.8	-0.3	4.1	1.3	-1.3	4.1	-0.7	4.1	-0.7
7	7.2	0.6	1.2	0.9	1.9	6.0	-2.6	6.0	-2.6
8	4.6	0.9	4.9	2.7	1.9	1.1	2.3	1.1	2.3
9	7.5	0.5	4.0	1.5	2.3	2.6	0.8	2.6	0.8
10	6.9	-2.8	3.4	0.5	5.9	3.1	0.3	3.1	0.3
11	3.3	0.6	4.8	-0.6	0.5	3.0	0.4	3.0	0.4
12	2.8	0.9	3.3	-3.5	5.1	4.0	-0.6	4.0	-0.6
1	1.0	1.0	3.1	-1.8	3.8	-0.4	3.8	-0.4	3.8
2	1.9	0.2	1.9	4.4	6.0	-2.6	6.0	-2.6	6.0
3	4.3	2.0	13.7	-10.1	3.3	0.1	3.3	0.1	3.3
1Q	6.7	-3.8	1.9	2.5	1.0	3.7	-0.3	3.7	-0.3
2Q	6.4	-1.9	3.4	1.7	2.0	3.2	0.2	3.2	0.2
3Q	4.3	2.4	3.8	-1.2	3.8	3.4	0.1	3.4	0.1
4Q	2.4	2.9	6.2	-2.5	4.4	-0.9	4.4	-0.9	4.4
YR	0.2	3.8	-0.1	0.1	2.8	1.6	1.1	2.3	1.1
(Source) Seria, titlis									
				CE	0.4	-0.1			

Company Outlook for Full Year FY03/2017

The company kept on hold its full year outlook. Sale will be up 9.6% YoY to JPY143,500 million and OP, RP and NP are expected to gain 17.3% YoY to JPY14,100 million, 16.9% YoY to JPY14,100 million and 22.0% YoY to JPY9,700 million respectively.

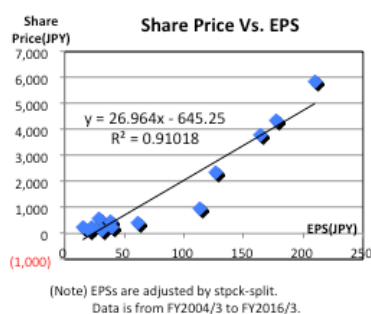
Titlis forecast for FY03/2017

Based on positive outlook of monthly sale, earnings for the full year will move higher than company forecast. Sales are expected to rise 12.2% YoY to JPY146,971 million and OP, EBT and NP are expected to gain 24.3% YoY to JPY14,933 million, 24.3% YoY to JPY14,930 million and 25.4% YoY to JPY10,183 million respectively (see Table below).

FY16/15 million respectively (see table below):													
FY2016/3	1Q	31,536	8.3%	-18,227	-57.8%	13,309	-10,632	-33.7%	2,676	8.5%	2,659	1,722	1.0%
	2Q	31,326	10.0%	-18,090	-57.7%	13,236	-10,733	-34.3%	2,503	8.0%	2,498	1,613	2.0%
	3Q	34,880	12.1%	-20,103	-57.6%	14,777	-10,982	-31.5%	3,795	10.9%	3,777	2,480	3.8%
	4Q	33,241	6.1%	-19,060	-57.3%	14,181	-11,139	-33.5%	3,042	9.2%	3,039	2,136	0.0%
	Full Year	130,983	10.7%	-75,480	-57.6%	55,503	-43,486	-33.2%	12,016	9.2%	12,015	8,118	2.8%
FY2017/3	1Q	35,066	11.2%	-20,172	-57.5%	14,894	-11,396	-32.5%	3,497	10.0%	3,496	2,362	3.7%
	2Q	34,821	11.2%	-19,924	-57.2%	14,897	-11,575	-33.2%	3,322	9.5%	3,320	2,239	3.2%
	3Q (tE)	39,086	12.1%	-22,321	-57.1%	16,765	-12,707	-30.5%	4,058	10.4%	4,058	2,792	3.4%
	4Q (tE)	37,998	14.3%	-21,588	-56.8%	16,410	-12,354	-32.5%	4,056	10.7%	4,056	2,791	-0.9%
	Full Year (tE)	146,971	12.2%	-84,005	-57.2%	62,966	-48,032	-32.7%	14,933	10.2%	14,930	10,183	1.6%
	Full Year (CE)	143,500							14,100		14,100	9,700	

Mid-Term Outlook

Mid-term outlook is more interesting and important for the company, as share price ordinary looks beyond earnings for ongoing fiscal year for such a solid growth company. On an existing store sale, the sale is likely to maintain solid growth in the mid-term at +1.1% YoY for FY03/2018 (E), +2.3% YoY for FY03/2019 (E) and +1.1% YoY for FY03/2020 (E). The total sale assumes 130 new stores open a year as same pace as this year, but the company plans to double market share. Currently Seria owns 20.5% market share of 4 largest companies, whereas Daiso owns 62.0%, Can Do and Watts owns 10.2% and 7.2% respectively as of FY2015. Mr. Kawai, president of Series does not mention time horizon of achieving the goal exactly but if the company could so, its earnings would significantly increase. Additionally, in near term view, Seria agreed with Seiyu to open 31 JPY100 shops in Seiyu super market (only 10 store have already opened in 1H FY03/2017). If open more Seria shops in the super market that operates 342 stores in nationwide, this would impact substantially positive. Titlis will revise mid-term projection when it is certainly explained by the company. For profit projection, Seria's innovative cost management system would continue benefitting to the company. Examining currency rate such as USD/JPY and gross profit of Seria and Cando, there was not significant correlation. In general, cost of sale of JPY100 shop operators is a headwind in case of high appreciation of USD/JPY, as most of goods are from China. But in cost management point of view, operators change size or material of a good to reduce cost of goods purchased from manufactures. Conversely in case of depreciation of USD/JPY, cost of goods purchased from manufacturers in China is lower like 1H FY03/2017, earnings are very likely to move higher without any effort of product redesigning. Seria believes that it is time for the company gains more market in harsh time for rivals, as the company is very likely to benefit from real-time based cost management. The financial statements in the mid-term are shown on Appendix.



	EPS	Share Price
FY2004/3	15.14	264.5
FY2005/3	22.20	237.0
FY2006/3	28.90	598.0
FY2007/3	38.65	476.0
FY2008/3	30.97	142.2
FY2009/3	20.69	133.8
FY2010/3	39.42	241.6
FY2011/3	61.15	426.6
FY2012/3	113.20	956.0
FY2013/3	126.63	2,342
FY2014/3	163.35	3,825
FY2015/3	177.21	4,340
FY2016/3	209.70	5,866
FY2017/3	268.54	7,401
FY2018/3	313.74	8,756
FY2019/3	349.42	9,825
FY2020/3	380.42	10,754

Valuation

The share price significantly correlates with EPS, but does not look cheap on EV/EBITDA. However, in mid-term view valuation would improve further. SOTP NAV that is appraised on the business value plus net cash is expected to for FY03/2020 (E). NAV for FY03/2017 is 20% lower than closing price of January 6th 2017 but 12% higher than the closing price.

EPS and Share Price

There is significant correlation between EPS and the share price. Analyzing historical share price and EPS of the company from FY03/2004 to FY03/2016, both are 90 correlated. The relationship is 90% explained (see scatter Chart on the left). Applying this result to project share price on EPS forecast by Titlis, the share price for FY03/2017(E) would be at JPY7,401 and JPY8,756 for 03/8756. In mid-term view, the share price is projected to rise to JPY10,754 for FY03/2020 (E) (see Table on left).

EV/EBITDA

EV/EBITDA for FY03/2017(E) is estimated to be 16.5x and will decline to 12.2x for FY03/2020 (E). In terms of EV/EBITDA, the share price does not look cheap (se Table below).

	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17(E)	Mar-18(E)	Mar-19(E)	Mar-20(E)
Avg. Mkt. Cap	JPY 65,829	JPY 128,264	JPY 154,713	JPY 206,379	JPY 292,741	JPY 292,741	JPY 292,741	JPY 292,741
EV	JPY 55,981	JPY 114,223	JPY 136,572	JPY 182,688	JPY 261,372	JPY 252,161	JPY 241,832	JPY 230,315
EV/EBITDA	6.28	10.34	11.97	13.99	16.51	14.50	13.15	12.16

Sum-of-the Parts Value

Sum-of-the-Parts (SOTP) value is business value of each business segment that uses normalized EBIT, EBITDA and FCF from FY03/2014 to FY03/2017(E), added to net cash and long-term investment securities and land. SOTP value for FY03/2017(E) is estimated to be JPY6,450 a share (20% premium of closing price of January 6th 2017). SOTP value for FY03/2020(E) is estimated to be JPY8,773 a share (12% discount of closing price of January 6th 2017), as shown table below.

NAVs:			NAVs:		
Sum of the parts NAV (ARJ):			Future NAV 2020/3E (ARJ):		
Retail	5,599	16x EBIT	Retail	7,104	16x EBIT
	-			-	
Cash	860	1x Book	Cash	1,679	1x Book
Investment	5	0.75x Book	Investment	5	0.75x Book
Land	19	0.75x Book	Land	19	0.75x Book
Debt	(33)	1x Book	Debt	(33)	1x Book
Minority	-	1x Book	Minority	-	1x Book
Total SOTP NAV	JPY 6,450	119.7%	Total Future NAV	JPY 8,773	88.0%

Financial Analysis

As shown key financial ratios in table below and financial statements summary in Appendix, Seria has strong balance sheet and rich free cash flow. Free cash flow is expected to grow from JPY7 billion for FY03/2016 to JPY8.8 billion for FY03/2017 (E) and JPY12 billion for FY03/2020 (E). This will push key financial ratios further higher. (see cash flow statement on Appendix).

Financial Ratios:	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17(E)	Mar-18(E)	Mar-19(E)	Mar-20(E)
ROE	19.83%	22.23%	25.42%	22.25%	22.12%	23.10%	22.53%	21.03%	19.37%
Gross Margin	41.72%	42.18%	42.25%	42.36%	42.37%	42.84%	42.85%	42.84%	42.84%
EBITDA Margin	10.62%	10.67%	11.34%	10.92%	11.26%	12.07%	12.59%	12.58%	12.61%
EBIT Margin	8.25%	8.46%	9.32%	8.89%	9.17%	10.16%	10.78%	10.88%	10.98%
Return on Assets	10.14%	11.37%	13.42%	13.14%	13.73%	14.87%	15.03%	14.52%	13.84%
Return on Fixed Assets	62.81%	70.28%	83.96%	78.40%	86.80%	108.89%	127.21%	141.68%	154.25%
Revenue / Assets	221.16%	232.52%	237.01%	231.32%	221.59%	214.57%	202.65%	193.96%	183.14%
Depreciation / Capex	149.83%	96.44%	77.20%	72.05%	80.45%	80.00%	78.38%	76.92%	75.61%
Depn / Sales	2.37%	2.20%	2.02%	2.03%	2.09%	1.91%	1.81%	1.70%	1.62%
Capex / Sales	1.58%	2.29%	2.61%	2.81%	2.59%	2.38%	2.31%	2.20%	2.15%
Depn / Net FA	32.52%	31.70%	29.93%	28.00%	29.21%	29.94%	31.01%	32.08%	33.15%
Asset / Equity	1.96	1.96	1.70	1.54	1.47	1.43	1.37	1.33	1.29
Equity / Asset	51.13%	51.03%	58.87%	64.99%	67.93%	70.10%	72.78%	75.02%	77.23%
Total Debt / EBITDA	0.55	0.53	0.28	0.15	0.08	0.07	0.06	0.06	0.05

Investment Risks

Investment risk is more likely in external risk. Sharp inflation possibly led by sharp depreciation of JPY rates would impact the company more negatively. However, JPY100 shop is just concept of the business and really Seria offers enjoyable shopping space to customers who want to buy an item worth much more than its price tag on current customer need.

Reversal of budget-minded consumption (Less Likely, Low Risk)

This would be a major risk for JPY100 shop operators if consumers were more likely to buy luxury or high-priced goods rather than JPY100 price tag goods. The risk would be less likely for the mid-term. In macroeconomic point of view in Japan, disposable income of consumers is hardly expected to grow further as social security expense is increasing at solid pace due to demographic structure in Japan. Also, a lot of teenager students many of who do not have enough money to buy luxury goods from their wallet, highly support Series and its unique goods. Therefore, the risk that consumers will not go shopping high-priced goods rather than JPY100 is less likely.

Inflation (Likely, Mid-High Risk)

Inflation risk is relatively more likely to hurt its business. It would hardly anticipate further inflation in Japan that has been suffered from deflation economy for a decade. In case of mild inflation, JPY100 price tag looks more attractive in value of money. In case of sharp inflation, price tag would be no longer put at JPY100 a good even though Series tries to reduce cost of purchased from manufacturer by re-designing of items. 3-coin shops (JPY300 shop) are operated in this country and Series and rivals might change price tags to more than JPY100 in case. More importantly for consumers than just number on a price tag, how they find items worth more than price tag. Real-time information of customer needs by Seria's system would work effectively in such situation.

Weaker JPY rates (likely, Mid Risk)

As mentioned earlier, examining currency rate such as USD/JPY and gross profit of JPY100 operators, there was no significant correlation. In general, however high appreciation of JPY rates hurt gross profit margin but they try to manage cost of goods by redesigning of goods or shifting manufacturers to lower labor cost country. From 3Q FY03/2017 JPY rates are depreciating again. The company states that it is opportunity to expand its market share in harsh time for competitors. Currency rates closely connect with prices of goods and affect the business in all industry. In case of moderate depreciation of JPY rates, it would influence positively on the earnings of the company, but in sharp deceleration of JPY rates, it would influence negatively. However, JPY100 shop is just concept of the business and really Seria offers enjoyable shopping space to customers who want to buy an item worth much more than its price tag on current customer need.

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Appendix

		Sales	Sales chg	COGS	COGS/S	GP	SGA	SGA/S	OP	OPM	EBT	NP	EPS	Existing Store
FY2015/3	1Q	29,114	11.0%	-16,885	-58.0%	12,229	-9,679	-33.2%	2,550	8.8%	2,614	1,632		2.5%
	2Q	28,482	10.1%	-16,376	-57.5%	12,106	-9,771	-34.3%	2,334	8.2%	2,327	1,445		1.7%
	3Q	31,320	6.7%	-18,075	-57.7%	13,245	-10,000	-31.9%	3,244	10.4%	3,273	2,061		-1.2%
	4Q	29,420	5.4%	-16,870	-57.3%	12,550	-10,157	-34.5%	2,393	8.1%	2,339	1,582		-2.5%
	Full Year	118,336	8.2%	-68,206	-57.6%	50,130	-39,607	-33.5%	10,521	8.9%	10,553	6,720	177.21	0.1%
FY2016/3	1Q	31,536	8.3%	-18,227	-57.8%	13,309	-10,632	-33.7%	2,676	8.5%	2,659	1,722		1.0%
	2Q	31,326	10.0%	-18,090	-57.7%	13,236	-10,733	-34.3%	2,503	8.0%	2,498	1,613		2.0%
	3Q	34,880	12.1%	-20,103	-57.6%	14,777	-10,982	-31.5%	3,795	10.9%	3,777	2,480		3.8%
	4Q	33,241	6.1%	-19,060	-57.3%	14,181	-11,139	-33.5%	3,042	9.2%	3,039	2,136		0.0%
	Full Year	130,983	10.7%	-75,480	-57.6%	55,503	-43,486	-33.2%	12,016	9.2%	12,015	8,118	214.07	2.8%
FY2017/3	1Q	35,066	11.2%	-20,172	-57.5%	14,894	-11,396	-32.5%	3,497	10.0%	3,496	2,362		3.7%
	2Q	34,821	11.2%	-19,924	-57.2%	14,897	-11,575	-33.2%	3,322	9.5%	3,320	2,239		3.2%
	3Q (tE)	39,086	12.1%	-22,321	-57.1%	16,765	-12,707	-30.5%	4,058	10.4%	4,058	2,792		3.4%
	4Q (tE)	37,998	14.3%	-21,588	-56.8%	16,410	-12,354	-32.5%	4,056	10.7%	4,056	2,791		-0.9%
	Full Year (tE)	146,971	12.2%	-84,005	-57.2%	62,966	-48,032	-32.7%	14,933	10.2%	14,930	10,183	268.54	1.6%
Full Year (CE)		143,500							14,100		14,100	9,700		
FY2018/3	1Q (E)	37,727	7.6%	-21,703	-57.5%	16,024	-12,223	-32.4%	3,801	10.1%	3,801	2,615		-0.3%
	2Q (E)	37,641	8.1%	-21,537	-57.2%	16,103	-12,475	-33.1%	3,629	9.6%	3,629	2,496		0.2%
	3Q (E)	42,194	8.0%	-24,096	-57.1%	18,099	-12,847	-30.4%	5,252	12.4%	5,252	3,613		0.1%
	4Q (E)	42,801	12.6%	-24,317	-56.8%	18,484	-13,872	-32.4%	4,612	10.8%	4,612	3,173		4.4%
	Full Year (tE)	160,363	9.1%	-91,653	-57.2%	68,711	-51,417	-32.1%	17,293	10.8%	17,293	11,897	313.74	1.1%
FY2019/3	1Q	42,222	11.9%	-24,288	-57.5%	17,933	-13,637	-32.3%	4,296	10.2%	4,296	2,956		3.7%
	2Q	41,933	11.4%	-23,994	-57.2%	17,940	-13,855	-33.0%	4,084	9.7%	4,084	2,810		3.2%
	3Q	47,068	11.5%	-26,879	-57.1%	20,189	-14,284	-30.3%	5,905	12.5%	5,905	4,063		3.4%
	4Q	45,738	6.9%	-25,985	-56.8%	19,753	-14,779	-32.3%	4,974	10.9%	4,974	3,422		-0.9%
	Full Year (tE)	176,961	10.4%	-101,146	-57.2%	75,815	-56,555	-32.0%	19,260	10.9%	19,260	13,250	349.42	2.3%
FY2020/3	1Q	45,549	7.9%	-26,202	-57.5%	19,346	-14,666	-32.2%	4,680	10.3%	4,680	3,220		-0.3%
	2Q	45,238	7.9%	-25,884	-57.2%	19,353	-14,902	-32.9%	4,452	9.8%	4,452	3,062		0.2%
	3Q	50,777	7.9%	-28,997	-57.1%	21,780	-15,358	-30.2%	6,421	12.6%	6,421	4,418		0.1%
	4Q	49,342	7.9%	-28,033	-56.8%	21,309	-15,894	-32.2%	5,415	11.0%	5,415	3,726		4.4%
	Full Year (tE)	190,906	7.9%	-109,116	-57.2%	81,789	-60,820	-31.9%	20,969	11.0%	20,969	14,425	380.42	1.1%

(Source) Seria, titlis

Cash Flow Analysis	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17(E)	Mar-18(E)	Mar-19(E)	Mar-20(E)
Net Income	4,292	4,802	6,194	6,720	8,118	10,183	11,897	13,250	14,425
Depreciation*	2,222	2,166	2,208	2,400	2,732	2,800	2,900	3,000	3,100
Amortization*	0	0	0	0	0	0	0	0	0
Other non-cash charges	1,241	(525)	311	342	(116)	0	0	0	0
Changes in WC	(274)	(821)	(859)	(751)	(352)	(667)	(559)	(693)	(582)
Operating Cash Flow	7,481	5,622	7,854	8,711	10,382	12,316	14,238	15,557	16,943
Per share	JPY 197.28	JPY 148.26	JPY 207.12	JPY 229.72	JPY 273.78	JPY 324.79	JPY 375.47	JPY 410.26	JPY 446.82
Capex	(1,483)	(2,246)	(2,860)	(3,331)	(3,396)	(3,500)	(3,700)	(3,900)	(4,100)
Free Cash Flow	5,998	3,376	4,994	5,380	6,986	8,816	10,538	11,657	12,843
Per share	JPY 158.18	JPY 89.03	JPY 131.70	JPY 141.88	JPY 184.22	JPY 232.49	JPY 277.90	JPY 307.41	JPY 338.70
Beginning Cash	7,409	10,699	12,416	13,861	16,327	20,693	29,165	38,376	48,706
Net cash used	3,290	1,717	1,445	2,466	4,366	8,472	9,211	10,330	11,516
Ending cash	10,699	12,416	13,861	16,327	20,693	29,165	38,376	48,706	60,222

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	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3(E)	2018/3(E)	2019/3(E)	2020/3(E)
Consolidated Balance Sheets									
Assets									
Current Assets									
Cash and Cash Equivalents	11,523	13,240	14,655	17,221	21,487	29,165	38,376	48,706	60,222
Short-Term Investments	2,119	2,119	2,904	2,895	3,437	3,437	3,437	3,437	3,437
Notes and Accounts Receivable, Trade	425	442	384	392	312	350	382	422	455
Allowance for Doubtful Receivables	(9)	(7)	(1)	(1)	-	-	-	-	-
Inventories	9,521	9,648	10,014	10,767	12,365	13,874	15,139	16,705	18,022
Deferred Income Taxes	367	382	440	368	414	465	507	559	603
Other Current Assets	553	613	661	684	877	984	1,074	1,185	1,278
Total Current Assets	24,499	26,437	29,057	32,326	38,892	48,275	58,914	71,014	84,017
Property, Plant and Equipment									
Land	979	979	940	940	940	940	940	940	940
Buildings	10,791	11,974	13,647	16,007	18,377	18,377	18,377	18,377	18,378
Machinery and Equipment	5,887	5,699	5,743	5,983	6,218	6,218	6,217	6,217	6,217
Construction in Progress	-	-	10	2	12	12	12	12	12
Total	17,657	18,652	20,340	22,932	25,547	25,547	25,547	25,546	25,546
Accumulated Depreciation	(9,762)	(10,840)	(12,023)	(13,421)	(15,255)	(15,255)	(15,255)	(15,255)	(15,254)
Net Property, Plant and Equipment	7,895	7,812	8,317	9,511	10,292	10,292	10,292	10,292	10,292
Software & Other intangible assts									
Software & Other intangible assts	309	224	231	203	163	163	163	163	163
Goodwill	-	-	-	-	-	-	-	1	2
	309	224	231	203	163	163	163	164	165
Other Assets									
Associates	79	78	77	77	76	76	76	76	76
Investment Securities	148	164	142	181	160	160	160	160	160
Software & Others	(96)	(80)	(69)	(71)	(154)	(154)	(154)	(154)	(154)
Deferred Income Taxes	376	353	393	275	295	295	295	295	295
Other	6,915	7,264	8,007	8,655	9,463	9,463	9,463	9,463	9,463
Total Other Assets	7,422	7,779	8,550	9,117	9,840	9,840	9,840	9,840	9,840
Total	40,125	42,252	46,155	51,157	59,187	68,570	79,209	91,310	104,314
Liabilities and Stockholders' Equity									
Current Liabilities									
Bank Loans	-	-	-	-	-	-	-	-	-
Notes and Accounts Payable, Trade	7,208	6,528	5,977	5,986	7,210	8,090	8,827	9,741	10,508
	1,079	889	744	769	936	1,050	1,146	1,265	1,364
Accrued Expenses	1,500	1,607	1,724	1,874	2,059	2,059	1,835	1,499	1,109
Income Taxes	2,709	1,986	2,863	2,878	2,989	3,354	3,659	4,038	4,356
Other Current Liabilities	1,156	1,158	1,273	1,269	1,384	1,553	1,694	1,870	2,017
Current Portion of Long-Term Debt	2,180	2,033	1,387	810	433	433	433	433	433
Total Current Liabilities	15,832	14,201	13,968	13,586	15,011	16,539	17,595	18,845	19,789
Long-Term Debt									
Long-Term Debt	3,384	3,091	1,703	893	460	460	460	460	460
Deferred Income Taxes	-	-	-	-	-	-	-	-	-
Termination and Retirement Benefits	489	387	428	272	340	340	340	340	340
Other Long-Term Liabilities	3,294	3,010	2,886	3,161	3,144	3,144	3,144	3,144	3,144
	5,564	5,124	3,090	1,703	893	893	893	893	893
Total Liabilities	22,999	20,689	18,985	17,912	18,955	20,483	21,539	22,789	23,733
Stockholders' Equity									
Common Stock	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278	1,278
Additional Paid-in Capital	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419	1,419
Legal Reserve	14,430	18,853	24,479	30,524	37,528	46,384	56,954	68,876	81,974
Retained Earnings	1	1	1	1	1	1	1	1	1
Treasury Stock	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	17,128	21,551	27,177	33,222	40,226	49,082	59,652	71,574	84,672
Income	-	12	(5)	25	8	(995)	(1,982)	(3,054)	(4,091)
Minority Interests in Subsidiaries									
Minority Interests in Subsidiaries	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	17,128	21,563	27,172	33,247	40,234	48,087	57,670	68,521	80,581
Total	40,127	42,252	46,157	51,159	59,189	68,570	79,209	91,310	104,314

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