

Date: 8/20/2017

Syuppin (3179, JP)

Exchange: Tokyo Stock Exchange 1

Sector: Retail

Market Cap: JPY21.1 billion

P/B: 6.9x (3/17 act)

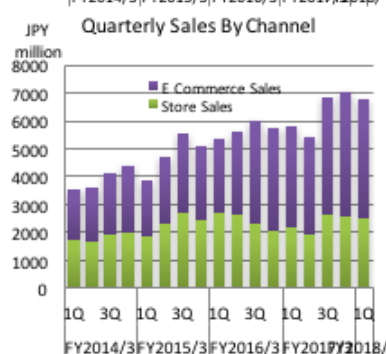
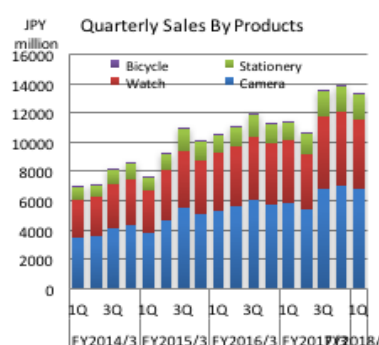
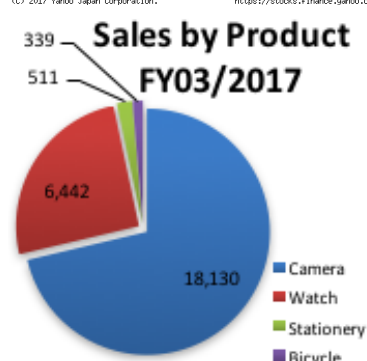
Recommendation: Outperform

Share Price: JPY2,014 (8/18/2017)

Target Price: JPY2,088

P/E: 25.4x (3/18 CE)

Div. Yield: 0.9% (3/18 CE)



Highlight

METRICAL maintains Outperform of Syuppin (3179, JP), as TP has been upward revised from JPY2,014 to JPY2,088 while the share price surged to JPY2,014 from JPY1,705 on the previous report. Its business environment and competitive positioning has been intact and 1Q FY03/2018 earnings grew at solid pace. 'Reuse' market of 18 large operators grew 7.4% YoY to JPY393 billion for FY03/2016 and is expected to keep growing at solid rate. Increasing number of consumers are shopping in Internet year by year and used Camera market is expanding at faster of all reused items. Those are tailwinds for the company that focuses on Internet channel and 4 categories such as Camera, Watch and Stationery. For full year outlook of FY03/2018, the earnings are very likely to achieve company's guidance buoyed by favorable growth of e-Commerce sale. In mid-term, the earnings are expected to continue solid growth due to solid growth of e-Commerce channel, although Internet C2C flea market on smartphones attached reused retailers that focus on mainly real outlets more than e-Commerce channel. In the mid-term view, the solid topline growth of yearly 14% will reduce SGA/Sales and hence push profit margins higher. The share price has statistically significant correlation with EBITDA. On this analysis, the share price is likely to gain to JPY2,540 for FY03/2018 (E) and JPY3,174 for FY03/2020 (E) from JPY2,041 for FY03/2018 (E). For ongoing FY03/2018 due to enhanced marketing strategy, so-called 'One to One Marketing' (see Business Outlook), the earnings are expected to move higher slightly than the company guidance.

Business Description

Syuppin is a reused items retailer, using Internet channel and a real store of each product category. The company was established in August 2005 as a Camera retailer and added Watch, Stationery and Sport-Bicycle. Sale by product, Camera is the largest of 73% of total sale, Watch is the 2nd largest sale of 23%, Stationery is 2% and Bicycle is 2%. Sales by channel, e-Commerce is expanding rapidly to 62.8% of total sales as of FY03/2017 from 57.4% for FY03/2016. The company runs 1 real outlet in Shinjuku for Camera, Watch and Stationery and 1 small outlet in Yoyogi for Bicycle, both of which are nearby its head office.

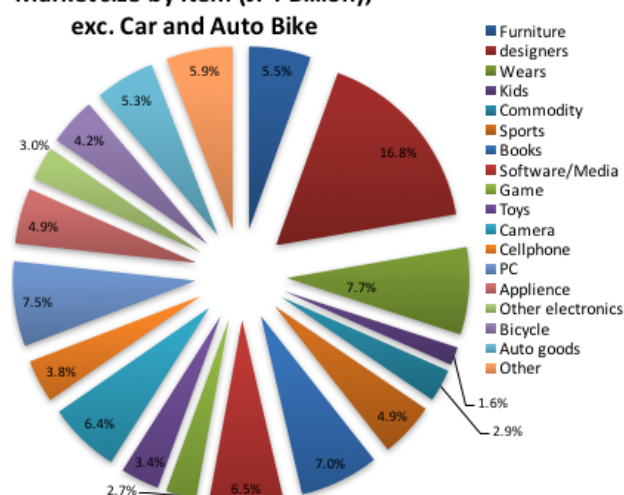
Industry Overview and Competitive Positioning

Industry Overview

Brand-new camera and peripheral market is estimated to be JPY195.5 billion and watch is JPY693.8 billion for FY2015 (data source: Camera & Imaging

Products Association, CIPA). According to survey by Ministry of the Environment (MOE), used Camera market grew 53.2% to JPY71.4 billion for FY2015 from JPY46.6 billion for FY2012. Although used Camera market is growing very fast, the difference of market size between new and used would be potential growth for reuse market of Camera. Another data from the Ministry shows rapid growth of Internet channel (Internet auction, Internet shopping and Internet flea market) of used Camera. Of JPY71.4 million used Camera market, JPY52.0 billion was Internet channel and JPY17.5 billion was real store for FY2015. 75% of users used Internet channel and 25% used real store. For FY2012, Internet channel was 66.7% and real store was 28.8%. Internet based used Camera market is expanding, too.

Market size by Item (JPY Billion),



Competitive Positioning: SWOT Analysis

Strength

Internet based reuse retailer

As on the above Industry Overview, used Camera market is accelerating to Internet channel. This is a tailwind for Syuppin that is strengthening e-Commerce business and raised Internet sale to 62.8% for FY03/2017.

Quality of customer service

Syuppin focuses on selective goods that are relatively expensive goods (i.e. Watch's average sale price is JPY0.8 million). For expensive goods, quality of customer service would increase customer satisfaction. The company offers experts and real store for each specialty goods. Running real store is costly but store staff takes care of customers politely with adequate advice when I visited. This would lead to a value of the company.

Synergy with sale of brand-new items

Syuppin sells not only used camera but also brand-new camera. This brings synergy to the sale. A customer who wants to sell his used camera is more likely to buy a brand-new camera at Syuppin and vice versa. A customer who wants to buy a new camera is more likely to sell his camera at Syuppin. The company also offers frequent buyer program, encouraging loyal customers to buy more often items.

Weakness

Shrinking brand-new market under soggy consumer spending

As consumer expenditure is growing at slower due to decrease in population, slower brand-new market will result in decrease in used market. This would be a negative factor for the growth of the company, as expansion of used market is the key.

Slower pace of new model entry

If new model enters into marketplace at slower pace or fewer attractive new models comes to consumers, used market will not grow at faster and the sale of the company will hardly increase. Due to sluggish earnings of Nikon, its brand-new camera is released behind schedule. CIPA forecasts middle-high end camera shipment to slid 8% YoY for 2017. For 2016 middle-high end camera shipment to Japan fell 21% YoY due to Kumamoto quake, but Syuppin grew camera sale 8.5% YoY for the same period.

Opportunity

Focusing Internet channel

As on the above Industry Overview, Internet channel of used Camera is accelerating to 75% from 66.7% from 3 years ago. Internet channel. This is a tailwind for Syuppin that is strengthening e-Commerce business and raised Internet sale to 62.8% for FY03/2017.

Higher growth and potential of used Camera

Used Camera market grew 53.2% to JPY71.4 billion for FY2015 from JPY46.6 3 years ago. In addition, brand-new Camera's market is quite large of JPY195.5 billion. There is still huge potential for the market and the company, as its Camera sale for FY03/2017 remained only at JPY18.1 billion.

Threat

C to C business of smartphone flea market

As increasing number of young generation uses smartphone appli, Internet flea market operators are growing business. 10 agers and 20 agers are more likely to use smartphone appli than PC based web shopping. Furthermore, such a flea market is C to C business and lower cost than B to C operators like Shuppin. Those C to C flea market site is popular among them. If this trend strengthens, it would be thereat for the company, although the company plans to release smartphone appli in next year. Syuppin launches a new service of extending warranty period. Normally 1 year warranty is attached when a

used item is purchased. From March warranty extension service is notified to a customer for at least JPY15,000 before the warranty is expired. The company considers such service as differentiation. At this moment, the threat does not affect the company's business, while many reuse operators that mainly focus on real outlets suffered from C2C Internet based services. Syuppin benefits from focusing on e-Commerce channel and synergy of selling both of used camera and new models.

Investment Summary

Business Outlook

Sale and OP increased 10.1% YoY and 31.8% YoY for FY03/2017, although sales softened temporarily in 1H due to sharp increase in the same period of the previous year led by extraordinary demand from inbound sale by foreign tourists. From 3Q FY03/2017 sale has grown at faster due to 'One to One Marketing' that pushes direct marketing to web customers. Sale is expected to keep growing at 14% a year led by solid expansion of e-Commerce channel for mid-term.

Competitive Positioning and Risks

On a SWOT analysis above, the company is in strong position in the industry. The company focuses on higher growth market of Internet channel and used Camera. Consumers are more likely to shop in Internet and used Camera expanded 53.2% for 3 years. Brand-new Camera market is much larger than used market and this implies large potential of this item. Quality of customer service with well-knowledgeable sale staff and a real store would be advantages. Younger generation such as 10 agers and 20 agers are more often uses flea market sites on smartphones. This would remain a threat for the company for the mid-term but currently limitedly affects the company.

Valuation

The company plans to expand cross-border e-Commerce through e-Bay from 2Q FY03/2018. The share price is very likely to move higher if the new channel is going on track but the valuation does not include it at this moment. On a significant correlation between share price and EBITDA, there is upside potential for the share price to JPY2,041 for FY03/2018 (E). For the mid-term view, EV/EBITDA is likely to come down to 8.7x for FY03/2020 (E) from 18.3x for FY03/2017 on higher cash flows and Sum-of-the-parts NAV increases to JPY2,088 for FY03/2020 (E) on its positive earnings/CF growth outlook. These valuations support upside potential of the share price from the closing price as of August 18th 2017.

Financial Stability

Turning positive free cash flow for FY03/2017, financial stability of the company is very likely to continue improving.

Business Outlook

Monthly Store Sale

Due to sharp increase of sale to foreign visitors in 2Q of the previous year, sale softened YoY for 2Q in this year, but has already hit the bottom since August and being accelerating in 3Q FY03/2017 buoyed by e-Commerce Sale. For 1Q FY03/2018 total sale accelerated 38.9% YoY and is expected to grow at faster at year average 18% for the next few years (see table below).

FY2017/3	Total Sales	YoY	EC Sales	YoY	Web Members	MoM chg					
4	2,076	129.6%	1,268	166.2%	282,773	2,586					
5	1,969	106.5%	1,208	133.3%	285,455	2,682					
6	1,752	92.3%	1,149	116.8%	288,340	2,885					
7	1,840	89.2%	1,202	108.8%	291,404	3,064					
8	1,662	91.6%	1,035	112.1%	293,877	2,473					
9	1,896	107.7%	1,200	121.2%	296,583	2,706					
10	2,020	113.8%	1,223	114.7%	299,402	2,819					
11	2,114	112.4%	1,341	117.0%	302,016	2,614					
12	2,706	113.8%	1,649	110.7%	305,453	3,437					
1	2,288	127.5%	1,421	125.9%	309,388	3,935					
2	2,149	132.0%	1,388	118.3%	312,769	3,381					
3	2,595	139.3%	1,655	119.0%	316,693	3,924					
							Camera	Watch	Station	Bicycle	Total
1Q	5,797	108.4%	3,625	136.6%	856,568	112.1%	4,351	1,225	118	83	5,777
2Q	5,398	95.8%	3,437	113.9%	881,864	111.6%	3,833	1,344	122	84	5,383
3Q	6,840	113.4%	4,213	113.8%	906,871	111.5%	4,904	1,696	139	82	6,821
4Q	7,032	122.5%	4,464	120.9%	938,850	112.8%	5,042	1,747	132	90	7,011
YR	25,067	110.1%	15,739	120.5%	3,584,153	112.0%	18,130	6,442	511	339	25,422

(Source) Syuppin, METRICAL

FY2018/3	Total Sales	YoY	EC Sales	YoY	Web Members	MoM chg					
4	2,195	105.7%	1,398	110.3%	320,054	2,586					
5	2,375	120.6%	1,458	120.7%	323,281	2,586					
6	2,194	125.2%	1,377	119.8%	326,428	3,147					
7	2,549	138.5%	1,455	121.0%	329,774	3,346					
8	1,861	112.0%	1,247	120.5%		(329,774)					
9	2,164	114.2%	1,446	120.5%		-					
10	2,363	117.0%	1,473	120.5%		-					
11	2,477	117.2%	1,615	120.5%		-					
12	3,180	117.5%	1,986	120.5%		-					
1	2,702	118.1%	1,712	120.5%		-					
2	2,519	117.2%	1,672	120.5%		-					
3	3,021	116.4%	1,994	120.5%		-					
							Camera	Watch	Station	Bicycle	Total
1Q	6,764	116.7%	4,233	116.8%	969,763	113.2%	4,830	1,679	140	94	6,743
2Q	6,574	121.8%	4,147	120.7%	329,774	37.4%	4,732	1,606	147	87	6,572
3Q	8,021	117.3%	5,075	120.5%	-	0.0%	5,755	1,996	178	88	8,016
4Q	8,242	117.2%	5,378	120.5%	-	0.0%	5,911	2,056	183	88	8,238
YR	29,601	118.2%	18,833	119.7%	1,299,537	36.3%	21,014	7,814	640	96	29,564

(Source) Syuppin, METRICAL

Marketing Strategy

One to One Marketing

A new push sales has successfully started since October 2016, raising used e-Commerce sale, as used camera purchased from customers grew 22.7% YoY in December. Once a customer puts an item in 'wish list,' the information will be sent to the customer immediately when the price of the item goes up and down or someone posts a review about it. This is a similar strategy as 'wish list' of Amazon. From January Syuppin has started notifying a customer who puts an item without stock in 'wish list' when the stock comes to. As a result,

the number of active users is increasing. The total number of items registered as 'wish list' surged from 473,395 in October to 558,249 in March, while newly registered number of 'wish list' grew from 33,488 in October to 50,659 in March, which results in raising active customers and monthly sale. Also, purchase from customers pushed higher inventory to JPY4,231million in 1Q FY03/2018 from JPY3,209million in 4Q FY03/2017. This will boost the sale further for the year.

Measures for dormant customers by using AI

Syuppin plans to use AI technology for increasing shopping by a dormant customer from 2Q FY03/2018. A customer who has no reaction from the previous shopping will be received useful information as 'recommendation' such as information about additional parts (camera lenses) or resale price of the item. The recommendation aims at increasing conversion for particularly a customer who stuck on choosing an item by pushing a suitable item that is the most popular one among the similar items and encourages a customer to decide to buy it. This useful customized information for each customer is automatically delivered by AI technology to pick up potential demand.

Company Outlook for Full Year FY03/2018

The company posted its full year outlook. Sale will be up 13.7% YoY to JPY28,429 million and OP, RP and NP are expected to gain 27.8% YoY to JPY1,402 million, 28.6% YoY to JPY1,387 million, 28.2% YoY to JPY950 million respectively.

METRICAL forecast for FY03/2018

Based on positive monthly sale forecast shown on the table above, earnings for the full year will slightly move higher than the company forecast led by favorable monthly sale. Sales are expected to rise 18.4% YoY to JPY29,587 million and OP, RP and NP are expected to gain 33.7% YoY to JPY1,465 million, 34.6% YoY to JPY1,451 million, 33.2% YoY to JPY986 million respectively (see Appendix).

Mid-Term Outlook

Syuppin posted its mid-term projection in its MTP. Due to upbeat e-Commerce of +20% YoY, METRICAL assumes total sale is expected to keep solid growth of +14% for FY03/2019 and FY03/2020. (see Appendix). Consumers are more likely to buy items at Internet than real store year by year. Furthermore, the company plans to enter into cross border e-Commerce in 2Q FY03/2018 on e-Bay site in US. In case the new channel starts successfully, it would add positive to the earnings for the mid-term. METRICAL forecast does not include additional sale from cross-border e-Commerce that is scheduled to enter in 2Q FY03/2018.

Valuation

The share price seems to have upside potential on its earnings growth in mid-term, although surging share price approached TP for FY03/2018 (E). The relationship between the share price and EBITDA shows statistically significant correlation from FY03/2012 and FY03/2017. Using this correlation, the share price is estimated to rise to JPY1,969 for FY03/2018 (E). EV/EBITDA will fall to 14.3x for FY03/2018 (E) from 18.3x from the previous year, and the share price will rise on upbeat EBITDA in mid-term. Regarding Sum-Of-The-Parts value based on business value adding to net cash, the share price is traded at 27.6% higher than NAV for FY03/2020(E) is estimated to increase to JPY2,088, 3.6 % discount from the closing price as of August 18th 2017, considering its mid-term growth potential.

EBITDA and Share Price

There is highly correlation between the share price and EBITDA. Examining historical share price and EBITDA of the company from FY03/2012 to FY03/2017, the relationship is 75% ($R^2=0.75$, $p\text{-value}=0.03$) explained (see Chart on the left and Table below). Applying this result to project share price on EBITDA forecast by METRICAL, the share price would be JPY2,041 for FY03/2018 (E) and JPY2,540 for FY03/2019 (E).

	EBIT	DA	EBITDA	High	Low	Share Price
FY2012/3	211	55	266	688	492	590
FY2013/3	389	49	438	570	358	464
FY2014/3	701	65	766	1,540	400	970
FY2015/3	886	84	970	1,960	1,277	1,619
FY2016/3	832	189	1,021	2,149	873	1,511
FY2017/3	1,096	197	1,293	1,786	916	1,351
FY2018/3	1,465	200	1,665			2,041
FY2019/3	1,920	200	2,120			2,540
FY2020/3	2,498	200	2,698			3,174
				r	p	r2
				0.87	0.03	0.75

EV/EBITDA

EV/EBITDA for FY03/2018 (E) is estimated to be 14.3x and will come down to 8.7x for FY03/2020 (E). Considering business outlook in particular prospective expansion of e-Commerce, mid-term growth of EBITDA is very likely. Also, comparing historical values of EV/EBITDA, 14.3x and 11.2x of EV/EBITDA for FY03/2018 (E) and FY03/2019 (E) are lower than 15.2x and 17.5x for FY03/2015 and FY03/2016.

	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)
Avg. Mkt. Ca	JPY 5,750	JPY 15,044	JPY 18,087	JPY 24,108	JPY 24,108	JPY 24,108	JPY 24,108
EV	JPY 6,543	JPY 16,000	JPY 19,364	JPY 25,214	JPY 25,006	JPY 24,699	JPY 24,166
EV/EBITDA	7.70	15.18	17.52	18.31	14.29	11.21	8.69
EV*	JPY 6,543	JPY 16,000	JPY 19,364	JPY 25,214	JPY 25,006	JPY 24,699	JPY 24,166
EV*/EBITDA	7.70	15.18	17.52	18.31	14.29	11.21	8.69
EV/EBIT	9.33	18.06	23.27	23.01	17.06	12.86	9.67
EV/FCF	-44.82	-152.38	-79.69	88.78	71.10	47.22	32.29

Sum-of-the-Parts Value

Assessing Sum-of-the-Parts Value that adds business value (normalized EBIT, EBITDA and FCF for FY03/2013-FY03/2018 (E) or FY03/2020 (E) to net cash (plus long-term investment), the sum of the parts NAV is estimated to be JPY1,336 a share for FY03/2018 and JPY2,016 a share for FY03/2020 (E). The NAV for FY03/2018 (E) is lower than closing price as of May 26th 2017 but NAV for FY03/2020 (E) that considers mid-term growth outlook is higher than the price.

NAVs:			NAVs:		
Sum of the parts NAV FY03/2018 (E):			Future NAV FY03/2020 (E):		
Camera	1,828	25x FCF	Camera	2,239	25x FCF
Watch	362	25x FCF	Watch	365	25x FCF
Stationery	52	25x FCF	Stationery	54	25x FCF
Bicycle	(16)	15x EBITDA	Bicycle	(10)	15x EBITDA
Adjustment	(629)	15x EBITDA		(554)	15x EBITDA
Cash	71	1x Book	Cash	141	1x Book
Investment	-	0.75x Book	Investment	-	0.75x Book
Land	-	0.75x Book	Land	-	0.75x Book
Debt	(146)	1x Book	Debt	(146)	1x Book
Minority Interest	-	1x Book	Minority Interest	-	1x Book
Total SOTP NAV	JPY 1,522	132.3%	Total Future NAV	JPY 2,088	96.4%

Financial Analysis

As shown higher return on shareholders' equity, Syuppin focuses on its main business with light assets. OP margin is likely to gain at solid pace alongside expansion of e-Commerce sale. In particular, FCF is expected to continue growing year by year. This will improve its balance sheet steadily.

Investment Risks

To increase used market of items such as Camera, Watch, Stationery and Bicycle is a key of sales growth for Syuppin. The risk would be lower at this moment, as used market of such items is growing in particular Internet channel. Another risk on C to C based flea market sites would be higher risk as they are likely offer at lower sale price and young generation use more smartphone flea market sites. But quality of customer service of the company would reduce some of the risk.

Slower brand-new market (Less Likely, Low-Middle Risk)

Key of growth for the company is how much attractive items are provided to customers at reasonable price. Therefore, procurement of used items that customers need is important. New model market is unlikely to grow at faster due to anemic consumer spending in Japan. However, the potential of used items such as Camera is much smaller than new models and used market is rapidly growing led by fast growing Internet channel. Also, Camera makers are providing new models added value yearly basis to attract customers and

increase revenue. This is one of the company's advantages, but brand-new market is likely to soft due to decreasing population in Japan. As market of brand-new items decreases, market of used items will decrease in near future. Retail sales and consumer spending in Japan has been flat for a decade and will decrease alongside in further decrease in population.

Slower consumer spending (Less Likely, Low-Middle Risk)

Consumer spending has been flat for more than a decade and is unlikely to grow at faster on the decrease of population. However, budget-mind and environmental-mind are spreading over consumers and they are more likely to buy used items. This mind of consumers is a tailwind for the company. If overall consumer spending remains flat or slower or another consumption hike will hurt retail sales in this country, reuse market or e-commerce market is less likely to suffer.

C to C based business (Likely, Middle Risk)

Smartphone based Internet shopping is accelerating in the world. Flea market operators on such devices are growing rapidly. This is a mid-term risk for the company. Flea market operators on smartphone focuses on C to C business many of which offer at lower price than B to C operators. The new Internet channel is popular among 10 agers and 20 agers and will expand at rapid pace. This trend will not be a marginal risk for the company that benefits from e-commerce channel, although the company plans to release smartphone appli in the next year. However, the company's advantage includes sale staff with expertise about products and a real store. Knowledgeable advice and display at real store are costly but would deliver value to customers.

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METRICAL INC.

corporate governance, investment research & solutions

Appendix

FY2013/ JPY million	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit	EPS	P/E
1Q (act)															
2Q (act)	5,664	-4,587	-81.0%	1,076	-917	-16.2%	159	2.8%	148	158	-60	0	98		
3Q (act)	3,333	-2,714	-81.4%	619	-513	-15.4%	105	3.2%	95	95	-37	0	58		
4Q (act)	3,465	-2,811	-81.1%	655	-531	-15.3%	125	3.6%	122	122	-46	0	76		
Full Year	12,462	-10,112	-81.1%	2,350	-1,961	-15.7%	389	3.1%	365	375	-143	0	232	44.22	10.49
FY2014/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	3,510	-2,812	-80.1%	697	-525	-15.0%	172	4.9%	168	167	-64	0	103		
2Q (act)	3,598	-2,923	-81.2%	675	-546	-15.2%	129	3.6%	125	121	-46	0	75		
3Q (act)	4,145	-3,384	-81.6%	762	-544	-13.1%	217	5.2%	214	214	-82	0	132		
4Q (act)	4,350	-3,558	-81.8%	792	-610	-14.0%	183	4.2%	182	128	-48	0	80		
Full Year	15,603	-12,677	-81.2%	2,926	-2,225	-14.3%	701	4.5%	689	630	-240	0	390	65.79	14.74
FY2015/ JPY million	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit	EPS	P/E
1Q (act)	3,844	-3,154	-82.0%	689	-569	-14.8%	119	3.1%	115	115	-41	0	74		
2Q (act)	4,703	-3,900	-82.9%	803	-581	-12.4%	223	4.7%	218	214	-77	0	137		
3Q (act)	5,535	-4,589	-82.9%	947	-601	-10.9%	346	6.3%	342	342	-122	0	220		
4Q (act)	5,084	-4,174	-82.1%	909	-710	-14.0%	198	3.9%	195	195	-62	0	133		
Full Year	19,166	-15,817	-82.5%	3,349	-2,461	-12.8%	886	4.6%	870	866	-302	0	564	47.08	26.69
FY2016/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	5,337	-4,438	-83.2%	899	-710	-13.3%	189	3.5%	185	185	-61	0	124		
2Q (act)	5,624	-4,671	-83.1%	953	-708	-12.6%	244	4.3%	240	239	-80	0	159		
3Q (act)	6,017	-5,027	-83.5%	990	-754	-12.5%	236	3.9%	232	232	-78	0	154		
4Q (act)	5,727	-4,840	-84.5%	887	-725	-12.7%	163	2.8%	164	164	-41	0	123		
Full Year	22,705	-18,976	-83.6%	3,729	-2,897	-12.8%	832	3.7%	821	820	-260	0	560	46.81	29.56
FY2017/3	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	5,779	-4,801	-83.1%	978	-725	-12.5%	253	4.4%	248	248	-77	0	171		
2Q (act)	5,382	-4,443	-82.6%	939	-719	-13.4%	219	4.1%	218	217	-68	0	149		
3Q (act)	6,821	-5,681	-83.3%	1,140	-779	-11.4%	362	5.3%	357	358	-111	0	246		
4Q (act)	7,014	-5,868	-83.7%	1,145	-882	-12.6%	262	3.7%	255	254	-80	0	174		
Full Year	24,996	-20,793	-83.2%	4,203	-3,105	-12.4%	1,096	4.4%	1,078	1,077	-336	0	740	61.91	32.53
Full Year (CE)	25,600	-21,211	-82.9%	4,389	-3,303	-12.9%	1,085	4.2%	1,070				724	60.50	33.29
FY2018/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (act)	6,743	-5,592	-83.1%	1,151	-832	-12.4%	319	4.7%	316	316	-98	0	218		
2Q (E)	6,585	-5,396	-82.6%	1,190	-873	-13.3%	317	4.8%	313	313	-101	0	212		
3Q (E)	8,019	-6,642	-83.3%	1,377	-909	-11.3%	468	5.8%	464	464	-150	0	314		
4Q (E)	8,240	-6,851	-83.7%	1,389	-1,028	-12.5%	361	4.4%	357	357	-116	0	242		
Full Year (E)	29,587	-24,481	-82.7%	5,107	-3,641	-12.3%	1,465	5.0%	1,451	1,451	-465	0	986	82.36	24.45
Full Year (CE)	28,429		0.0%			0.0%	1,402	4.9%	1,387				950	79.36	25.38
FY2019/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (E)	8,006	-6,639	-83.1%	1,367	-960	-12.0%	406	5.1%	403	403	-130	0	272		
2Q (E)	7,782	-6,367	-82.6%	1,415	-996	-12.8%	419	5.4%	415	415	-134	0	281		
3Q (E)	9,477	-7,842	-83.3%	1,635	-1,031	-10.9%	604	6.4%	600	600	-194	0	406		
4Q (E)	9,738	-8,076	-83.7%	1,662	-1,171	-12.0%	491	5.0%	487	487	-158	0	330		
Full Year (E)	35,003	-28,924	-82.6%	6,079	-4,159	-11.9%	1,920	5.5%	1,905	1,905	-616	0	1,289	107.68	18.70
Full Year (CE)	32,620		0.0%				1,822	5.6%	1,811				1,241		
FY2020/3 (E)	Sales	COGS	COGS/S	Gross Profit	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	Net Profit		
1Q (E)	9,461	-7,837	-83.1%	1,624	-1,092	-11.5%	532	5.6%	528	528	-171	0	357		
2Q (E)	9,237	-7,550	-82.6%	1,686	-1,141	-12.4%	545	5.9%	542	542	-175	0	366		
3Q (E)	11,215	-9,275	-83.3%	1,940	-1,170	-10.4%	770	6.9%	766	766	-248	0	518		
4Q (E)	11,543	-9,556	-83.7%	1,987	-1,336	-11.6%	651	5.6%	648	648	-209	0	438		
Full Year (E)	41,456	-34,218	-82.5%	7,237	-4,739	-11.4%	2,498	6.0%	2,483	2,483	-803	0	1,680	140.37	14.35
Full Year (CE)	37,575		0.0%				2,243	6.0%	2,235				1,531		

(Source) Syppin, METRICAL

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	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3 (E)	2019/3 (E)	2020/3 (E)
Assets								
Current Assets								
Cash and Cash Equivalents	571	441	492	506	644	852	1,160	1,693
Short-Term Investments	-	-	-	-	-	-	-	-
Notes and Accounts	844	1,049	917	1,327	1,612	1,908	2,257	2,673
Allowance for Doubtful	-	(1)	(1)	(1)	(1)	(1)	(2)	(2)
Inventories	1,362	1,790	2,222	2,757	3,209	3,798	4,494	5,322
Deferred Income Taxes	52	81	75	61	89	105	125	148
Other Current Assets	123	115	319	255	174	206	244	289
Total Current Assets	2,952	3,475	4,024	4,905	5,727	6,869	8,277	10,123
Property, Plant and								
Land	-	-	-	-	-	-	-	-
Buildings	129	114	138	139	142	250	358	466
Machinery and Equipment	136	144	176	184	187	329	471	613
Construction in Progress	-	-	-	-	-	-	-	-
Total	265	258	314	323	329	579	829	1,079
Accumulated Depreciation	(156)	(156)	(155)	(186)	(206)	(363)	(519)	(676)
Net Property, Plant and	109	102	159	137	123	216	310	403
Software & Other	120	210	607	530	468	468	468	468
Goodwill	-	-	-	-	-	-	-	-
	120	210	607	530	468	468	468	468
Other Assets								
Investments in and	-	-	-	-	-	-	-	-
Investment Securities	-	-	-	-	-	-	-	-
Software & Others	-	-	-	-	-	-	-	-
Deferred Income Taxes	-	-	7	6	4	4	4	4
Other	305	475	311	329	352	352	352	352
Total Other Assets	305	475	318	335	356	356	356	356
Differed Assets	1	1	2	-	-	-	-	-
Total	3,487	4,263	5,110	5,907	6,674	7,909	9,411	11,350
Liabilities and								
Current Liabilities								
Bank Loans	150	150	250	500	800	800	800	800
Notes and Accounts	510	727	656	940	823	974	1,152	1,365
Accrued Expenses	41	34	38	47	47	56	66	78
Income Taxes	137	215	177	120	267	316	374	443
Other Current Liabilities	197	280	518	263	389	460	545	645
Current Portion of Long-	460	500	621	715	628	628	628	628
Total Current Liabilities	1,495	1,906	2,260	2,585	2,954	3,234	3,565	3,959
Long-Term Debt								
Deferred Income Taxes	612	584	577	568	322	322	322	322
Termination and	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	9	6	3	1	1	1	1	1
	1,222	1,234	1,448	1,783	1,750	1,750	1,750	1,750
Total Liabilities	2,116	2,496	2,840	3,154	3,277	3,557	3,888	4,282
Stockholders' Equity								
Common Stock	485	508	508	508	508	508	508	508
Additional Paid-in Capital	385	408	408	408	408	408	408	408
Legal Reserve	500	849	1,352	1,829	2,474	3,460	4,749	6,429
Retained Earnings	1	1	2	1	2	2	2	2
Treasury Stock	-	-	-	-	-	-	-	-
Total Stockholders' Equity	1,371	1,766	2,270	2,746	3,392	4,378	5,667	7,347
Accumulated other								
Comprehensive Income	-	1	-	1	1	(32)	(149)	(285)
Warrant	0	0	0	6	6	6	6	6
Minority Interests in	-	-	-	-	-	-	-	-
Total Stockholders' Equity	1,371	1,767	2,270	2,753	3,399	4,352	5,523	7,068
Total	3,487	4,263	5,110	5,907	6,676	7,909	9,411	11,350

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Cash Flow Analysis:	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)
Net Income	231	390	563	560	740	986	1,289	1,680
Dep.	49	65	84	189	197	200	200	200
Amortization	0	0	0	0	0	150	150	150
Other non-cash charge	54	41	-121	2	303	0	0	0
Changes in WC	-249	-417	-369	-661	-852	-734	-866	-1,032
Op. Cash Flow	85	79	157	90	388	602	773	998
Per share	JPY 16.22	JPY 13.33	JPY 13.12	JPY 7.52	JPY 32.41	JPY 50.27	JPY 64.58	JPY 83.41
Capex	-129	-225	-262	-333	-104	-250	-250	-250
Free Cash Flow	-44	-146	-105	-243	284	352	523	748
Per share	(JPY 8.40)	(JPY 24.63)	(JPY 8.77)	(JPY 20.30)	JPY 23.73	JPY 29.38	JPY 43.69	JPY 62.53
Beginning Cash	380	571	441	492	506	644	852	1,160
Net cash used	191	-130	51	14	138	208	308	533
Ending cash	571	441	492	506	644	852	1,160	1,693

Key Financial Ratios:	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18(E)	Mar-19(E)	Mar-20(E)
ROE		24.94%	27.91%	22.31%	24.09%	25.80%	26.91%	27.75%
Gross Margin	18.86%	18.75%	17.47%	16.42%	16.81%	17.26%	17.37%	17.46%
EBITDA Margin	4.19%	5.45%	5.50%	4.87%	5.51%	5.91%	6.30%	6.71%
EBIT Margin	3.12%	4.49%	4.62%	3.66%	4.38%	4.95%	5.49%	6.03%
Return on Assets	6.64%	9.15%	11.02%	9.48%	11.10%	12.63%	13.98%	15.19%
Return on Fixed Assets	211.93%	382.35%	354.09%	408.76%	540.15%	719.60%	940.82%	1226.52%
Revenue / Assets	358.31%	366.10%	375.22%	384.37%	374.93%	378.91%	379.75%	374.74%
Depreciation / Capex	37.98%	28.89%	32.06%	56.76%	189.42%	80.00%	80.00%	80.00%
Depn / Sales	0.39%	0.42%	0.44%	0.83%	0.79%	0.68%	0.57%	0.48%
Capex / Sales	1.04%	1.44%	1.37%	1.47%	0.42%	0.84%	0.71%	0.60%
Depn / Net FA	44.95%	63.73%	52.83%	137.96%	143.80%	145.99%	145.99%	145.99%
Asset / Equity	2.55	2.41	2.25	2.15	1.97	1.84	1.73	1.63
Equity / Asset	39.16%	41.44%	44.40%	46.61%	50.85%	54.44%	57.82%	61.29%
Total Debt / EBITDA	2.34	1.45	1.37	1.61	1.27	1.00	0.79	0.63