

Tabio (2668, JP)

Exchange: TSE

Sector: Retail

Market Cap: JPY7.3 billion

P/B: 1.3x (2/18 act)

Recommendation: OUTPERFORM

Share Price: JPY1,075 (4/20/2017)

Target Price: JPY1,597

P/E: 19.1x (2/19 CE)

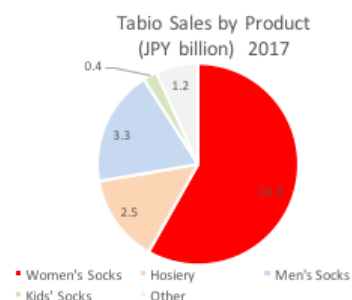
Div. Yield: 2.7% (2/19 CE)



'Kutsushitaya' store



'Tabio' store



Highlight –Store sale improves under *structure reform* -

METRICAL maintains Tabio (2668, JP) as OUTPERFORM. The structure reform is underway, but the unique Socks & Hosiery specialty retailer has already positively responded, pushing its store sale higher since the implementation. Newly introduced Omni-Channel marketing has not expanded to all stores for 5-month period, but the stores promoted this marketing channel received positive outcome amid store sale. Tabio plans to enhance it to all stores seriously for this fiscal year and this is very likely to affect the sale positively. Besides Tabio aims at increasing e-Commerce sale from 3.9% of store sales for FY2/2017 to over 10% in near future, rising from 4.8% for FY2/2018. For FY2/2018 due to upgrading its system the channel sale will remain only slight increase. Positive store sale led by Omni channel would help its profitability, as a small outlet that owns small stocks will replace from a large outlet eventually. The share price plunged after global stock market turmoil from the beginning of the year. Its valuation remains low. EV/EBITDA is 8.8x for FY2/2018 and is expected to decline to 7.6x for FY2/2019 (E), 7.5x for FY2/2020 (E) and 7.0x for FY2/2021 (E). SOTP value using 7x of normalized EBITDA from FY2/2013 to FY2/2021 (E) adding non-business asset would be JPY1,598. DCF valuation shows much higher target price of JPY1,806 from the closing price on April 20th 2018.

Business Description

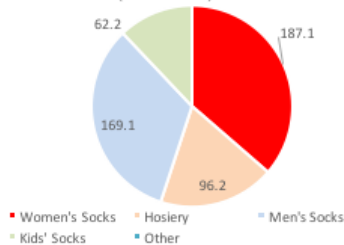
Tabio was founded 1968 by Naomasa Ochi (chairman at present) and has opened socks & hosiery specialty outlets 'Kutsushitaya' and 'Tabio' as direct run and franchise (FC) stores across the nationwide and expanded its direct run 'Tabio' stores to overseas market in UK and France. Socks & hosiery are selling at a wide range of retailers such as department stores, super market and other shops and must be a necessary item, but many shops are likely to focus more on price than quality or fashion. However, a person who is more sensitive to fashion tends to focus on his/her bottoms from tops and looks for its quality or sense of fashion. Tabio has focuses on such a need and provided high-quality of made-in-Japan products at its specialty stores. As shown the chart on left, the sales of women's socks accounts for 57.8%, hosiery accounts for 14.3% and men's socks accounts for 18.5% as of 2017. This is slightly different from the domestic sales by product that shows 36.4% for women's socks, 18.7% for hosiery and 32.9% for men's socks (please see the chart on left). Tabio's sales significantly relies on women's items than men's one, although the company has reinforced men's items, raising from 4.5% for FY2/2011 to 18.5% of its total sales for FY2/2017.

Industry Overview and Competitive Positioning

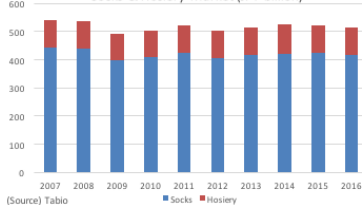
Industry Overview

The domestic sock & hosiery market has not grown, and low-priced imports have increasingly come into the market, as shown the charts on the left. For instance, in particularly socks category, the imports accounts for 88.5% of shipment in Japan, according to data by Tabio. Due to deflation economy, the low-priced imports are increasing year by year, whereas domestic production has been shrinking due to lack of successor of factory owners as well as higher sale price. Also, it took years for the hosiery market before the recovery in this year as young women do not like to wear hosiery for a past years. On this market trend, many retailers have focused on selling low-priced goods, as the sale price has not increased due to soggy consumer spending under deflation environment in Japan. However, the consumer behavior is changing and is likely to be diverging right now. Consumers are reluctant to spend money for everyday commodity goods and looking for a shop that offers lower price, whereas they often spend for luxury goods or services on special event. So Tabio believes that this would be the case for sock & hosiery market and the divergence would be an opportunity for the unique retailer to enhance market penetration in its differentiation strategy. Tabio uniquely focuses on high-quality (and high-priced) made-in-Japan products through its specialty stores. Only the company can provide made-in-Japan products, as the company contacts with all factories in Japan for producing high-quality socks & hosiery exclusively.

Domestic Sales by Product (JPY billion) 2017

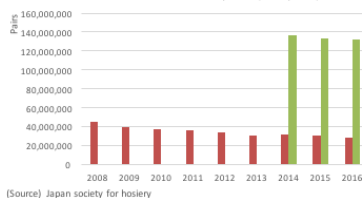


Socks & Hosiery Market (JPY billion)



(Source) Tabio

Domestic Production & Imports (# of pairs)



(Source) Japan society for hosiery

Competitive Positioning

Buyers (Middle risk): Consumer expenditure is very likely to continue slower to recover due to slow growth of real wage and increase in security insurance cost led by accelerating aging society. All consumer do not spend for low-priced commodity goods. As mentioned earlier, they spend money for luxury goods or service on special occasion. Lately, such a consumer behaviour is often said as the consumption is changing from 'what' based to 'need' based. Deflation economy is a headwind for the company, but spread of 'need' based consumption would be a talewind for the company, as customers other than a person with a sense of high-fashion are more likely to buy high-quality sock & hosiery on special occasion. This would be verified as the sale of Tabio store at Ginza-Six that is performing well in a popular luxurious shopping building in Ginza. Consumers who visit the luxury building tend to buy high-quality socks for their own or gift for special.

Suppliers (Low-Middle risk): Tabio is only the contractor with Japan's socks and hosiery mkrers. The product will be supplied to only the company but there is a risk that it would not be easy to raise production from other region in case of natural casualty in the factories in Japan. Additionally, lack of successor of factory owner would be another risk for the supply of goods. Due to quality of goods, it requires some time to prepare for increase production by installation of machine and training of production process.

Competition (Low-Middle risk): Tabio is only the high-priced maid-in-Japan socks & hosiery specialty retailer, differentiating other retailers in market. Competition risk should be low if the company can deliver its value to customers successfully. The issue is how Tabio can deliver the value to customers as not many consumers know Tabio right now.

New Entry (Low risk): Due to limited production capacity of factories in Japan all of which contract with the company right now, there is high barrier for new entrant. Tabio is establishing premium brand in the market segment.

Substitution (Middle risk): The risk would become higher if high quality sock and hosiery at lower price are provided from other production region than Japan. There is not alternative at this moment. On the other hand, retail channel would be substituted going forward. E-Commerce channel will be increasing from real store sale eventually. Tabio has just resumed Omni-channel by combining both function of e-Commerce and real store, before online shopping of sock and hosiery is in full swing in near future.

Business Outlook

New strategy: Omni Channel and merchandizing

Tabio slimmed down its unprofitable stores and store sale has turned positive after 2-year negative sale growth in YoY basis. The company has implemented its new marketing strategy such as Omni channel sale and new merchandizing. Tabio plans to develop small outlets at near terminal station that is easier access for a customer picks items up at the outlet after buying Tabio SEARCH or Tabio appli on devices. Of 12,000 Omni channel sale, 90% were delivered at store as customers picks items at store in terminal building where is easily access for commute to/from work or school. Only 10% of the sale is delivered to customer's home directly (shipping cost is owed by Tabio). Items delivered to stores saves shipping cost rather than shipping to home and if customers are more used to Omni channel, stores would reduce store-stocks and small outlet in terminal building would be more favorable for customers.

Consequently, SGA expense in stores is very likely to decrease and its profitability will improve further. Tabio plans to enhance its customer service for the new marketing and store management or development.

The company also projects e-Commerce sale raised from 3.9% of its store sale for FY2/2017 to 4.8% for FY2/2018 and plans further increase from 4.9% for FY2/2019 after upgrade of its system. The sale of this channel will continue growing steadily and increase further after upgrade of system for FY2/2019. In addition, Tabio has entered into US market through online sale since last September, whereas the Hosiery and Socks specialty stores have been run for more than a decade in Europe. For US market, many retailers and shopping malls have hard time, as customers are more likely to switch to online shopping. Tabio will sell its items on its web-site by using influencer marketing and align with local partner such as department stores if needed but will not develop its real stores in the market. Tabio plans unifies e-Commerce platform in US and Europe.

Omini Sale: User type



Omini Sale: Store Location



METRICAL INC.

corporate governance, investment research & solutions

Total (Direct Run)

Existing Store Sales Growth (% YoY)

Month	FY2012/2	FY2013/2	FY2014/2	FY2015/2	FY2016/2	FY2017/2	FY2018/2	FY2019/2	FY2020/2	FY2021/2
3	-5.9	14.8	9.1	4.0	-4.5	-12.0	3.4	6.3	-0.9	5.0
4	28.7	-9.3	-9.8	8.1	-2.9	-10.1	4.2	5.5	-0.1	4.2
5	10.9	-5.1	-3.1	5.3	-0.9	-11.9	2.4	7.3	-1.9	6.0
6	15.6	-2.5	2.1	-3.9	-5.9	-3.8	3.8	5.9	-0.5	4.6
7	7.9	2.0	-6.7	7.0	-3.3	-1.2	2.5	7.2	-1.8	5.9
8	11.4	-9.1	4.8	5.9	-2.1	-13.0	5.8	3.9	1.5	2.6
9	4.7	-15.5	6.7	6.5	-4.0	-18.4	8.1	1.6	3.8	0.3
10	-0.6	-9.5	-7.2	-0.5	-1.5	-5.6	1.7	8.0	-2.6	6.7
11	-1.8	1.4	-8.1	2.0	-8.3	2.3	4.9	4.8	0.6	3.5
12	12.8	-6.9	-7.8	1.3	-5.7	3.5	5.3	4.4	1.0	3.1
1	-5.6	-8.2	-0.8	-2.8	-2.3	5.6	3.9	5.8	-0.4	4.5
2	-0.1	-10.7	-2.0	4.4	-3.9	4.0	5.6	4.1	1.3	2.8

1Q	11.2	-3.8	-1.3	5.8	-2.8	-11.3	3.3	6.4	-1.0	5.1
2Q	11.6	-1.9	0.1	3.0	-3.8	-6.0	4.0	5.7	-0.3	4.4
3Q	0.8	2.4	-2.9	2.7	-4.6	-7.2	4.9	4.8	0.6	3.5
4Q	2.4	2.9	-3.5	1.0	-4.0	4.4	4.9	4.8	0.6	3.5
YR	6.0	-5.1	-2.7	3.0	-3.9	-4.5	4.1	5.4	-0.0	4.1

(Source) Tabio, METRICAL

CE 2.0 0.0 1.9

Company Outlook for Full Year FY2/2019

Tabio posted full year outlook. Sale will be up 3.7% YoY to JPY16,989 million and OP, RP and NP are expected to fell 36.5% YoY to JPY642 million, 32.6% YoY to JPY654 million and 246.9% YoY to JPY383 million respectively, assuming its existing store keeps up +4.4% YoY from +4.1% YoY of the previous year.

METRICAL forecast for FY2/2019

Based on positive outlook of monthly sale, METRICAL expects store sale to move higher to +5.4% YoY for the year. Sales are expected to rise 3.5% YoY to JPY16,956 million and OP, RP and NP are expected to gain 29.8% YoY to JPY610 million, 23.3% YoY to JPY608 million and 226.5% YoY to JPY362 million respectively (see the table on appendix).

Mid-Term Outlook

Mid-term outlook is expected based on positive existing store sale growth in YoY buoyed by Omni Channel and steady expansion of e-Commerce sale. Sales are expected to grow to JPY16,970 million and OP, RP and NP are expected to gain to JPY696 million, JPY694 million and JPY414 million respectively for FY2/2021 (E). Although Tabio plans more aggressive target of OP margin raising to 7.5% and e-Commerce sale to 10% of its store sale for FY2/2020 (E), METRICAL based on more conservative assumptions.

Valuation

On EV/EBIDA multiple, the closing price on April 20th 2018 looks relatively cheap. On Sum-of-the-Parts valuation, the NAV is estimated to be JPY1,589 for FY2/2021 (E) based on 7x of EBITDA and non-business asset. DCF valuation shows implication on certainty of future earnings/cash flows. The equity valuation per share is estimated to be JPY1,806 based on its future free cash flows, which is fairly higher than its closing price. If DCF valuation free cash flow modified by using Montecarlo Simulation is estimated to be JPY1,116.

EV/EBITDA

EV/EBITDA is 8.8x for FY2/2018 but is expected to decrease alongside the rise in sales and profits. EV/EBITDA for FY2/2019 (E) is expected to decline from 7.6x for FY2/2019 (E) to 7.0x for FY2/2021 (E).

	Feb-14	Feb-15	Feb-16	Feb-17	Feb-18	Feb-19(E)	Feb-20(E)	Feb-21(E)
Avg. Mkt. Cap	JPY 6,369	JPY 8,144	JPY 8,096	JPY 7,323	JPY 7,323	JPY 7,323	JPY 7,323	JPY 7,323
EV	JPY 4,476	JPY 5,718	JPY 6,171	JPY 5,176	JPY 4,792	JPY 4,764	JPY 4,735	JPY 4,669
EV/EBITDA	6.09	6.40	6.53	8.16	8.80	7.58	7.47	6.96

SOTP NAV

STOP NAV for FY2/2019 (E) is estimated to be JPY1,589 and JPY1,598 for FY2/2021 (E) that is 7x EBITDA adding to its non-business assets. Both NAVs are more than 20% higher than the closing price on April 20th 2018.

NAVs:			NAVs:		
Sum of the parts NAV FY2/2019 (E):			Future NAV FY2/2021 (E):		
Retail	1,087	7x EBITDA	Retail	1,078	7x EBITDA
	-			-	
Cash	464	1x Book	Cash	482	1x Book
Investment	-	0.75x Book	Investment	-	0.75x Book
Land	130	0.75x Book	Land	130	0.75x Book
Debt	(92)	1x Book	Debt	(92)	1x Book
Minority	-	1x Book	Minority	-	1x Book
Total SOTP NAV	JPY 1,589	67.7%	Total Future NAV	JPY 1,598	67.3%

WACC - Tabio (2668 JP)

Debt	580
Equity Market Value	7,325
Risk free Rate	0.6%
Equity Risk Premium	5.0%
Beta	0.59
Cost of Debt	0.5%
Cost of Equity	3.6%
WACC	3.3%

DCF - Tabio (2668 JP)

JPY million

PV of SUM of FCF	669
PV of Terminal Value	8,793
Enterprise Value	9,462
Non Business Assets	3,418
Debt	580
Equity Value	12,299
Equity Value/Share	1,806

Enterprise Value by Montecarlo Simulation	4,763
Equity Value	7,600
Equity Value/Share	1,116

DCF

DCF valuation is appraised to be JPY1,806 based on present value of sum of future free cash flows divided by WACC and non-business assets. The valuation is estimated to be JPY1,806. There is a large gap between DCF value and the closing price. This would be because few investors believe the free cash flows fully on the structure reform and/or only few covers the company and many of them ignore it in the investment universe. If the former hypothesis is a major factor due to uncertain FCFs of the company, the DCF valuation is modified by 10,000 passes by Montecarlo Simulation. The modified DCF value per share is estimated to be JPY1,116, which is closer to the closing price on April 20th 2018. As store sales grow and profit margin improves for this year and cash flows are expected to increase more certainly, the valuation would approach the base DCF valuation to JPY1,806.

Financial Analysis

Tabio does not need large investment as the company has no production facility and its investment is mainly focuses on store. The investment of e-Commerce is not relatively large for system development expenses of website, application etc. The rise in profitability will improve its financial stability from relatively stable positive cash flows and balance sheet further going forward (please see the table below).

Financial Ratios:	Feb-12	Feb-13	Feb-14	Feb-15	Feb16	Feb-17	Feb-18	Feb-19(E)	Feb-20(E)	Feb-21(E)
ROE	6.59%	6.66%	5.70%	7.05%	7.57%	4.02%	1.92%	6.38%	6.60%	7.29%
Gross Margin	55.03%	54.93%	54.92%	55.04%	54.94%	55.36%	55.75%	55.84%	55.82%	55.83%
EBITDA Margin	7.27%	7.08%	6.60%	7.57%	7.42%	5.65%	5.08%	5.70%	5.99%	6.20%
EBIT Margin	5.38%	4.40%	3.43%	4.44%	4.47%	3.08%	2.87%	3.60%	3.82%	4.10%
Return on Assets	4.29%	4.34%	3.73%	4.35%	4.83%	2.52%	1.23%	4.04%	4.15%	4.56%
Return on Fixed Asset:	26.15%	26.23%	20.21%	23.05%	26.79%	17.23%	9.48%	30.95%	31.73%	35.36%
Revenue / Assets	190.48%	188.30%	194.64%	188.68%	187.20%	171.56%	181.08%	188.84%	182.66%	186.95%
Depreciation / Capex	37.48%	107.94%	83.83%	76.93%	74.92%	78.76%	96.28%	73.10%	71.20%	71.20%
Depn / Sales	1.89%	2.67%	3.17%	3.13%	2.95%	2.57%	2.21%	2.10%	2.18%	2.10%
Capex / Sales	5.05%	2.48%	3.79%	4.07%	3.94%	3.26%	2.29%	2.87%	3.06%	2.95%
Depn / Net FA	21.98%	30.40%	33.44%	31.31%	30.64%	30.18%	30.91%	30.39%	30.39%	30.38%
Asset / Equity	1.54	1.54	1.51	1.59	1.54	1.59	1.57	1.60	1.58	1.59
Equity / Asset	65.13%	64.82%	66.43%	62.84%	64.87%	62.71%	63.55%	62.53%	63.19%	62.90%
Total Debt / EBITDA	0.38	0.40	0.20	0.09	0.50	1.00	0.76	0.65	0.64	0.60

Investment Risks

Slower consumer spending (Very Likely, Middle Risk)

Consumer spending has been flat for more than a decade and is unlikely to grow at faster on the decrease of population. This would put downward pressure on entire retail industry in this country. However, consumer spending is more likely to be diverging and changing from 'what' based to 'need' based spending on special occasion, although budget-mind and environmental-mind has spread over consumers. The expanding 'need' based spending would increase the opportunity for the company which provide premium socks and hosiery.

Natural casualty (Likely, Middle-High Risk)

Natural casualty such as earthquake, flood and typhoon comes across all over this country. Tabio does not operate factory but would have problem of procurement of products if factories are damaged. However, all factories are in only a place and the company holds 3-month inventory. The issue would be how long the supply chain will recover.

Innovation in industry (Less Likely, Middle-High Risk)

Due to differentiation strategy in the niche market, premium socks & hosiery retailer is only the company and there would be less risk of new entry and no one could produce such a high-quality made in Japan products other than Tabio right now. However, in case technology would make someone produce high-quality socks and hosiery without skillful manufacturing process in future.

Aki Matsumoto, CFA
akimatsumoto@metrical.co.jp

METRICAL INC.

corporate governance, investment research & solutions

Appendix

Income Statement Analysis

	Sales	Sales chg	COGS	COGS/S	GP	SGA	SGA/S	OP	OPM	RP	EBT	Tax	Minority	NP	EPS	Existing Store
FY2015/2 1Q	4,426	7.9%	-1,933	-43.7%	2,493	-2,089	-47.2%	403	9.1%	410	403	-163	0	240		5.8%
2Q	3,376	-9.3%	-1,528	-45.3%	1,848	-2,001	-59.3%	-153	-4.5%	-143	-159	54	0	-105		3.0%
3Q	4,469	20.9%	-1,992	-44.6%	2,477	-2,160	-48.3%	316	7.1%	325	312	-127	0	185		2.7%
4Q	4,540	5.0%	-2,106	-46.4%	2,434	-2,256	-49.7%	180	4.0%	183	127	-59	0	68		1.0%
Full Year	16,811	6.1%	-7,559	-45.0%	9,252	-8,506	-50.6%	746	4.4%	775	683	-295	-	388	56.92	21.00
FY2016/2 1Q	4,465	0.9%	-1,953	-43.7%	2,512	-2,111	-47.3%	400	9.0%	407	390	-155	0	235		-2.8%
2Q	3,443	2.0%	-1,588	-46.1%	1,855	-2,068	-60.1%	-213	-6.2%	-203	-212	66	0	-146		-3.8%
3Q	4,359	-2.5%	-1,935	-44.4%	2,424	-2,055	-47.1%	369	8.5%	372	346	-135	0	211		-4.6%
4Q	4,429	-0.9%	-2,047	-46.2%	2,382	-2,192	-49.5%	190	4.3%	195	97	34	0	131		-4.0%
Full Year	16,696	-0.7%	-7,523	-45.1%	9,173	-8,426	-50.5%	746	4.5%	771	621	-190	-	431	63.15	18.82
FY2017/2 1Q	4,032	-9.7%	-1,766	-43.8%	2,266	-2,053	-50.9%	213	5.3%	215	200	-81	0	119		-11.3%
2Q	3,221	-6.4%	-1,454	-45.1%	1,767	-1,967	-61.1%	-200	-6.2%	-199	-211	188	0	-23		-6.0%
3Q	4,098	-6.0%	-1,794	-43.8%	2,304	-2,089	-51.0%	215	5.2%	218	195	-140	0	55		-7.2%
4Q	4,517	2.0%	-2,069	-45.8%	2,448	-2,186	-48.4%	261	5.8%	268	63	19	0	82		4.4%
Full Year	15,868	-5.0%	-7,083	-44.6%	8,785	-8,295	-52.3%	489	3.1%	502	247	-14	0	233	34.34	29.80
Full Year (CE)	15,616	-6.5%						292		301				185	27.16	0.0%
FY2018/2 1Q	4,129	2.4%	-1,772	-43.4%	2,357	-2,130	-51.6%	227	5.5%	231	178	-158	0	20		3.3%
2Q	3,314	2.9%	-1,495	-45.1%	1,819	-2,029	-61.2%	-210	-6.3%	-206	-210	54	0	-156		4.0%
3Q	4,293	4.8%	-1,867	-43.5%	2,426	-2,176	-50.7%	250	5.8%	255	253	-84	0	169		4.9%
4Q	4,650	2.9%	-2,116	-45.5%	2,534	-2,330	-50.1%	203	4.4%	213	117	-39	0	78		4.9%
Full Year	16,386	3.3%	-7,250	-44.2%	9,136	-8,665	-52.9%	470	2.9%	493	338	-227	0	111	16.21	66.32
Full Year (CE)	16,269	2.5%						475		494				107	15.71	68.43
FY2019/2 1Q	4,306	4.3%	-1,860	-43.2%	2,446	-2,187	-50.8%	259	6.0%	259	241	-93	0	148		6.4%
2Q	3,671	10.8%	-1,649	-44.9%	2,022	-2,218	-60.4%	-196	-5.3%	-196	-196	76	0	-121		5.7%
3Q	4,366	1.7%	-1,890	-43.3%	2,476	-2,178	-49.9%	298	6.8%	297	297	-115	0	183		4.8%
4Q	4,614	-0.8%	-2,090	-45.3%	2,523	-2,275	-49.3%	249	5.4%	248	248	-96	0	152		4.8%
Full Year	16,956	3.5%	-7,488	-44.2%	9,467	-8,857	-52.2%	610	3.6%	608	590	-227	0	362	53.21	20.20
Full Year (CE)	16,989							642		654				383	56.22	
FY2020/2 1Q	3,982	-7.5%	-1,720	-43.2%	2,262	-2,015	-50.6%	248	6.2%	247	230	-89	0	141		-1.0%
2Q	3,511	-4.3%	-1,577	-44.9%	1,934	-2,115	-60.2%	-180	-5.1%	-181	-181	70	0	-111		-0.3%
3Q	4,300	-1.5%	-1,862	-43.3%	2,439	-2,137	-49.7%	302	7.0%	302	302	-116	0	185		0.6%
4Q	4,557	-1.2%	-2,065	-45.3%	2,492	-2,238	-49.1%	255	5.6%	254	254	-98	0	156		0.6%
Full Year	16,351	-3.6%	-7,223	-44.2%	9,128	-8,504	-52.0%	624	3.8%	622	605	-233	0	372	54.56	19.70
Full Year (CE)																
FY2021/2 1Q	4,270	7.2%	-1,844	-43.2%	2,426	-2,147	-50.3%	279	6.5%	278	259	-100	0	159		5.1%
2Q	3,667	4.4%	-1,647	-44.9%	2,020	-2,197	-59.9%	-177	-4.8%	-178	-178	69	0	-109		4.4%
3Q	4,357	1.3%	-1,886	-43.3%	2,471	-2,152	-49.4%	319	7.3%	319	319	-123	0	196		3.5%
4Q	4,676	2.6%	-2,118	-45.3%	2,558	-2,282	-48.8%	275	5.9%	275	275	-106	0	169		3.5%
Full Year	16,970	3.8%	-7,496	-44.2%	9,474	-8,779	-51.7%	696	4.1%	694	674	-260	0	414	60.82	17.67
Full Year (CE)																

(Source) Tabio, METRICAL

METRICAL INC.

corporate governance, investment research & solutions

Cash Flow Analysis

Cash Flow Analysis	Feb-12	Feb-13	Feb-14	Feb-15	Feb16	Feb-17	Feb-18	Feb-19(E)	Feb-20(E)	Feb-21(E)
Net Income	351	352	304	388	431	233	111	362	372	414
Depreciation*	295	408	503	527	493	408	362	356	356	356
Amortization*	0	0	3	3	3	3	3	3	3	3
Other non-cash charge	-355	558	-3	364	-149	55	362	0	0	0
Changes in WC	8	543	78	163	-319	1	19	-2	3	-3
Operating Cash Flow	299	1,861	885	1,445	459	700	857	719	733	771
Per share	#DIV/0!	#DIV/0!	JPY 129.92	JPY 212.12	JPY 67.38	JPY 102.76	JPY 125.81	JPY 105.56	JPY 107.64	JPY 113.14
Capex	-787	-378	-600	-685	-658	-518	-376	-487	-500	-500
Free Cash Flow	-488	1,483	285	760	-199	182	481	232	233	271
Per share	#DIV/0!	#DIV/0!	JPY 41.84	JPY 111.57	(JPY 29.21)	JPY 26.72	JPY 70.61	JPY 34.07	JPY 34.24	JPY 39.74
Beginning Cash	2,103	2,176	2,219	2,106	2,546	2,549	3,043	3,161	3,189	3,217
Net cash used	73	462	-113	440	3	494	118	28	29	66
Ending cash	2,176	2,638	2,106	2,546	2,549	3,043	3,161	3,189	3,217	3,284

DCF Analysis

DCF - Tabio (2668 JP)											
(In Y million)	Feb-12	Feb-13	Feb-14	Feb-15	Feb16	Feb-17	Feb-18	Feb-19(E)	Feb-20(E)	Feb-21(E)	SUM of Future FCF
Retail											
Sales	15,572	15,258	15,844	16,811	16,696	15,868	16,386	16,956	16,351	16,970	50,277
EBIT	837	672	543	746	746	489	470	610	624	696	1,930
Dep	295	408	503	527	493	408	362	356	356	356	1,068
W/kg Capital	8	543	78	163	-319	1	19	-2	3	-3	-2
OCF	299	1,861	885	1,445	459	700	857	719	733	771	2,223
Capex	-787	-378	-600	-685	-658	-518	-376	-487	-500	-500	-1,487
FCF	-488	1,483	285	760	-199	182	481	232	233	271	736
CAGR FCF										14.6%	

METRICAL INC.

corporate governance, investment research & solutions

Balance Sheet

	2012/2	2013/2	2014/2	2015/2	2016/2	2017/2	2018/2	2019/2(E)	2020/2(E)	2021/2 (E)
Consolidated Balance Sheets										
Assets										
Current Assets										
Cash and Cash Equivalents	2,638	2,219	2,106	2,546	2,549	3,043	3,161	3,189	3,217	3,284
Short-Term Investments	-	-	-	-	-	-	-	-	-	-
Notes and Accounts	842	747	738	912	772	700	689	713	688	714
Allowance for Doubtful	(35)	(11)	(8)	(4)	-	-	-	-	-	-
Inventories	576	608	585	568	642	643	653	676	652	676
Deferred Income Taxes	106	80	94	81	55	63	71	73	71	74
Other Current Assets	136	106	151	158	157	152	131	136	131	136
Total Current Assets	4,263	3,749	3,666	4,261	4,175	4,601	4,705	4,786	4,758	4,883
Property, Plant and										
Land	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182	1,182
Buildings	1,584	1,708	1,909	2,150	2,193	2,180	2,153	2,153	2,153	2,153
Machinery and Equipment	710	750	866	1,026	1,065	1,035	1,053	1,053	1,053	1,053
Construction in Progress	1	20	9	7	11	5	2	2	2	2
Total	3,477	3,660	3,966	4,365	4,451	4,402	4,390	4,390	4,390	4,390
Accumulated Depreciation	(1,026)	(1,136)	(1,280)	(1,500)	(1,660)	(1,868)	(2,037)	(2,037)	(2,037)	(2,037)
Net Property, Plant and	2,451	2,524	2,686	2,865	2,791	2,534	2,353	2,353	2,354	2,354
Software & Other intangible										
Goodwill	752	680	505	374	384	372	286	286	286	286
	-	-	-	-	-	-	153	1	2	3
	752	680	505	374	384	372	439	287	288	289
Other Assets										
Investments in and Advances	1	-	-	-	-	-	-	-	-	-
Investment Securities	-	-	-	-	-	-	-	-	-	-
Software & Others	(1)	(1)	(1)	(1)	-	-	-	-	-	-
Deferred Income Taxes	80	46	20	25	138	301	122	122	122	122
Other	1,019	1,105	1,264	1,386	1,431	1,441	1,430	1,430	1,430	1,430
Total Other Assets	1,099	1,150	1,283	1,410	1,569	1,742	1,552	1,552	1,552	1,552
Total	8,565	8,103	8,140	8,910	8,919	9,249	9,049	8,979	8,952	9,078
Liabilities and Stockholders'										
Current Liabilities										
Bank Loans	213	166	118	36	168	292	246	246	246	246
Notes and Accounts Payable,	1,236	1,328	1,391	1,711	1,326	1,256	1,273	1,317	1,270	1,318
	-	-	-	-	0	0	0	0	0	0
Accrued Expenses	248	269	279	286	295	286	298	304	299	305
Income Taxes	121	121	171	211	138	57	16	17	16	17
Other Current Liabilities	818	452	414	652	353	391	467	483	466	484
Current Portion of Long-Term	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	2,636	2,336	2,373	2,896	2,280	2,282	2,300	2,367	2,297	2,370
Long-Term Debt										
Deferred Income Taxes	394	155	36	-	290	434	188	188	188	188
Termination and Retirement	-	-	-	-	-	-	-	-	-	-
157	112	59	84	166	170	196	196	196	196	196
Other Long-Term Liabilities	282	248	265	331	397	563	614	614	614	614
Interest-embided Debts	607	321	154	36	458	726	434	434	434	434
Total Liabilities	3,469	2,851	2,733	3,311	3,133	3,449	3,298	3,365	3,295	3,368
Stockholders' Equity										
Common Stock	414	414	414	414	414	414	414	414	414	414
Additional Paid-in Capital	92	92	92	92	92	92	92	92	92	92
Legal Reserve	4,652	4,800	4,900	5,084	5,295	5,325	5,232	5,390	5,557	5,760
Retained Earnings	-	-	1	1	-	-	-	-	-	-
Treasury Stock	-	-	-	-	-	-	(1)	(1)	(1)	(1)
Total Stockholders' Equity	5,158	5,306	5,407	5,591	5,801	5,831	5,737	5,895	6,062	6,265
Comprehensive Income	(61)	(52)	-	9	(14)	(29)	14	(281)	(405)	(555)
Minority Interests in	-	-	-	-	-	-	-	-	-	-
Total Stockholders' Equity	5,097	5,254	5,407	5,600	5,787	5,802	5,751	5,614	5,656	5,710
Total	8,566	8,105	8,140	8,911	8,920	9,249	9,049	8,979	8,952	9,078