

Meiko Network Japan4668 Tokyo Stock Exchange
First Section

8-Sept.-14

Important disclosures
and disclaimers appear
at the end of this document.FISCO Ltd. Analyst
Yuzuru Sato**■ Meiko Gijuku is achieving stable growth in its school business, while its new businesses are expected to contribute to profits**

On July 9, 2014, Meiko Network Japan <4668> announced its consolidated results for the third quarter of the fiscal year through August 2014, i.e., Q3 FY8/14. Its consolidated sales rose 3.2% year-on-year (YOY) to ¥11,009mn, while its recurring profit fell 8.1% YOY to ¥2,158mn. Profits declined primarily because of prior expenses for student enrollment activities to increase the number of students and to strengthen the training system in its main Meiko Gijuku school business. Against the backdrop of the active demand for child care, Meiko Kids Schools' business steadily expanded, and this and other improvements were made in profit and loss in new businesses.

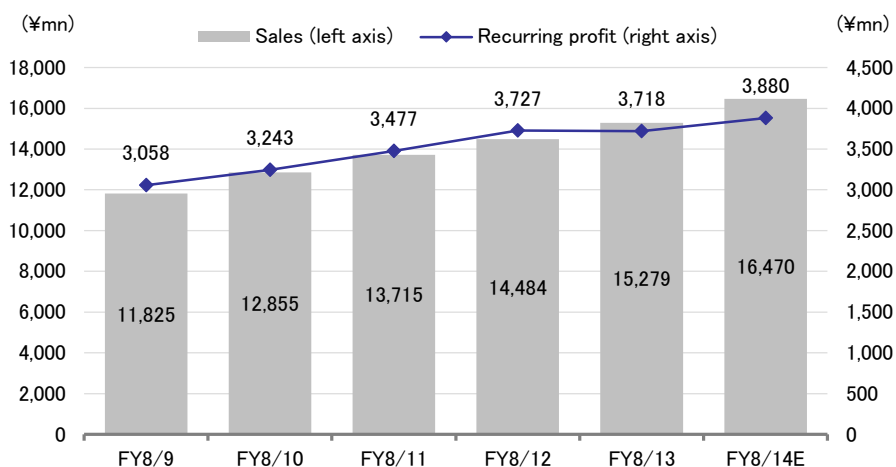
For FY8/14, the company is forecasting increases in sales and profit; specifically, sales to increase 7.8% YOY to ¥16,470mn and recurring profit 4.3% to ¥3,880mn. It is planning to achieve its forecasts by proactively providing summer semester courses and residential programs at Meiko Gijuku Schools, Waseda Academy Kobetsu Schools, Meiko Soccer Schools, and Tokyo Ishin Gakuin (Tokyo Medical School Preparatory Institute), and in addition by increasing the numbers of Meiko Gijuku schools and enrolled students, which have been slumping recently.

In its medium-term plan for FY8/14 to FY8/16, the company has set a sales target of ¥18,720mn and a recurring profit target of ¥4,500mn for FY8/16, which is the plans final year. Going forward, its Meiko Gijuku Schools business should grow stably, while its new businesses are also expected to contribute to profits. For its shareholder return policy, the company plans to gradually raise its dividend payout ratio to 50% and to continuously increase dividends, and in FY8/14 it will increase dividend per share by ¥5 to ¥32 (for a dividend payout ratio of approximately 38%). The company is attractive to investors as, in addition to stable profit growth from its Meiko Gijuku franchised schools business, dividend growth is also expected.

■ Check Point

- At its Q3 results, cumulative sales increased but cumulative profits decreased, while new businesses performed favorably.
- Against the backdrop of active demand, Meiko Kids Schools should grow in the future.
- The company is targeting sales of ¥18,720mn in FY8/16, while its other businesses will enter a growth phase.

Trends in sales and recurring profit



*from the FY8/10 consolidated financial statements

Description of Businesses

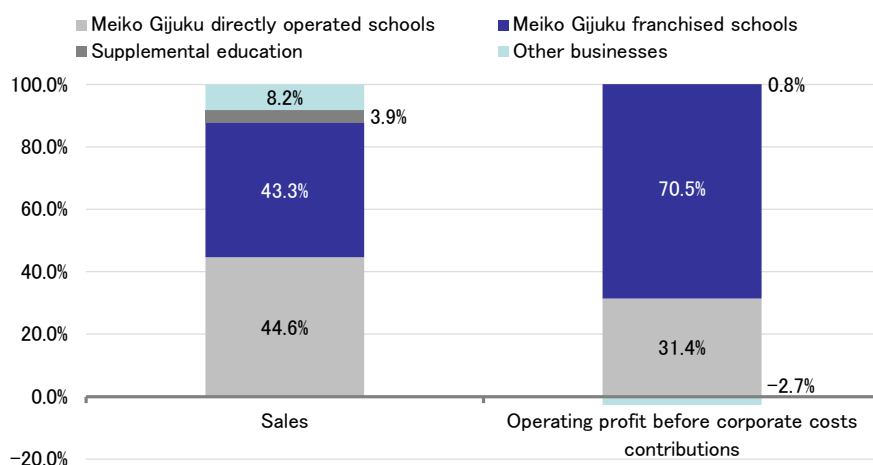
Tutorial instruction at Meiko Gijuku Schools is its core business, but other educational services are expanding

Meiko Network Japan's main business is Meiko Gijuku Schools. Some of these schools are operated directly, but most are franchised. Meiko Gijuku is the leading brand of private tutorial schools in Japan. Through a subsidiary, Tokyo Ishin Gakuin (Tokyo Medical School Preparatory Institute), Meiko Network Japan also provides supplemental pre-medical education. In addition, the company engages in other businesses.

Its other businesses offer educational services. Meiko Soccer Schools teach basic soccer skills to children. Waseda Academy Kobetsu Schools provide tutorial instruction to junior high school and high school students seeking entry into prestigious high schools and universities. Meiko Kids Schools provide nursery care for preschool children and after-school care for elementary school children, while extending learning experiences. Abrakadoodle Art Studios teach art to preschool and elementary school children. The MEIKO PLUS Academy provides tutorial instruction to Korean students living in Japan. Its subsidiary Youdec Co. publishes the Gakuan magazine, which conveys information about the content of entrance examinations for junior high schools and high schools, sells educational materials to students of private schools, and offers private instruction to students at their schools. In addition, Youdec's subsidiary, Koyo Shobo Co., publishes academic books.

As detailed in the bar chart below, in FY8/13 the Meiko Gijuku school business supplied the majority of Meiko Network Japan's total consolidated sales and profits. The company's policy described in its medium-term strategy calls for extending the growth of the Meiko Gijuku school business while developing other educational businesses.

Percentage distribution by businesses (FY8/13 actual results)



*Operating profit is before the deduction of company-wide expenses, etc.

■ Business Trends

In its Q3 results, sales increased but profits decreased, while new businesses performed favorably

(1) Q3 FY8/14 results (Cumulative)

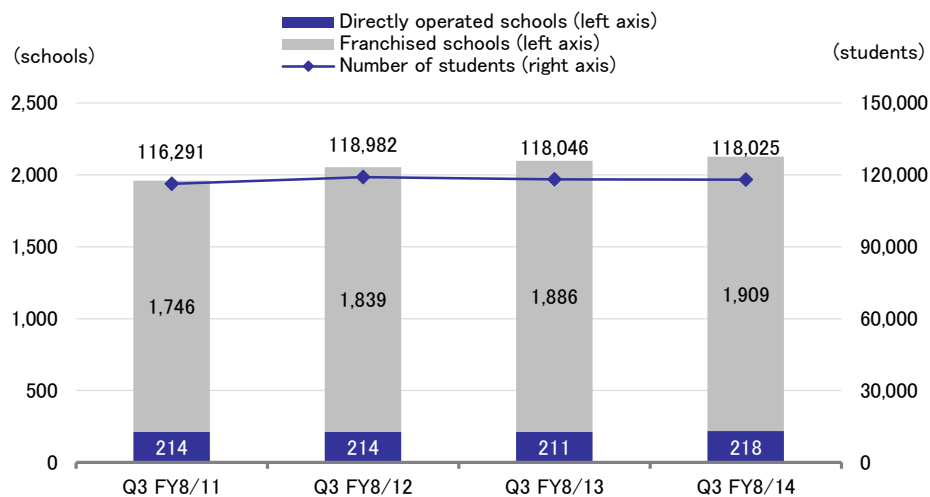
On July 9, 2014, the company announced its consolidated results for Q3 FY8/14 (September 2013 to May 2014). Consolidated sales rose 3.2% YOY to ¥11,009mn, but operating profit fell 4.8% to ¥ 2,090mn, recurring profit was down 8.1% to ¥2,158mn, and net profit declined 3.0% to ¥1,371mn. These results continued the underlying tone present up to H1, and the main reason why profits stood still were the declines in the numbers of schools and enrolled students in its main Meiko Gijuku school business. At the end of May, there were 2,127 Meiko Gijuku schools in business, 30 more than a year earlier, and 118,025 students were enrolled in these schools, which was about the same as a year earlier. However, new businesses have been performing favorably, particularly Meiko Kids Schools, which is steadily establishing a basis for profitability.

Q3 FY8/14 results (consolidated)

(unit: ¥mn)

	Q3 FY8/13		Q3 FY8/14		
	Actual	vs. Sales	Actual	vs. Sales	YOY
Sales	10,672	-	11,009	-	3.2%
Cost of goods sold	6,546	61.3%	6,916	62.8%	5.6%
SGA cost	1,928	18.1%	2,002	18.2%	3.9%
Operating profit	2,197	20.6%	2,090	19.0%	-4.8%
Recurring profit	2,348	22.0%	2,158	19.6%	-8.1%
Net extraordinary gain / loss	-5	-0.0%	93	0.8%	-
Net profit	1,414	13.3%	1,371	12.5%	-3.0%

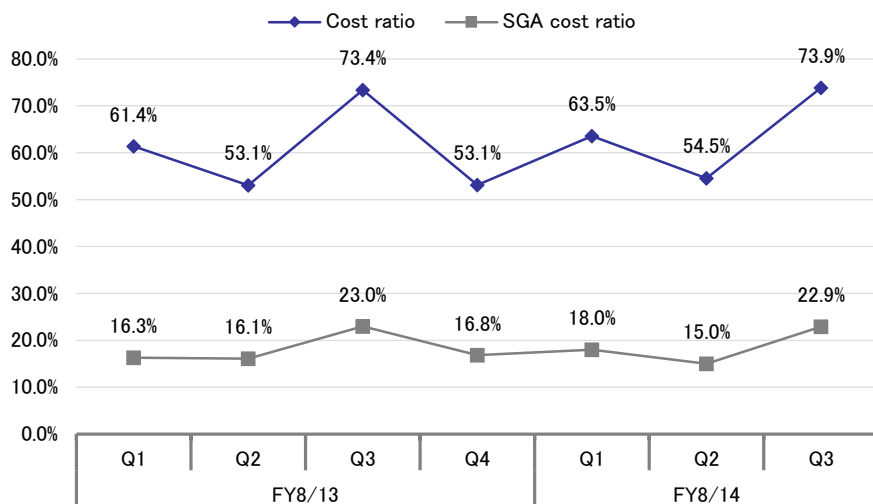
Trends in the numbers of Meiko Gijuku schools and students



The operating profit to sales ratio fell by 1.6 pts YOY to 19.0%. However, the main reason for this was that the cost-of-goods-sold ratio rose by 1.5 pts due to changes to the sales distribution ratio and a rise in fixed costs as a result of the increase in the number of directly operated Meiko Gijuku schools. The SGA cost ratio also increased, but only by 0.1%, as the increases from the recording of the cost of a public offering and Koyo Shobo Co. entering the scope of consolidated from Q4 of FY8/13 Q4 were offset by costs as a whole being kept down.

On a quarterly basis, the cost ratio rose slightly YOY, but the SGA cost ratio trended at practically the same level, and so it can be considered that the company continues to be stably profitable.

Trends in the cost ratio and SGA cost ratio



Non-operating income and expenses worsened by ¥83mn YOY, but this was mainly due to a reversal on loss on revaluation of investments in securities (¥41mn) and an increase in the investment loss on the equity method (¥21mn). Also, a gain on sale of investment securities of ¥111mn was recorded as an extraordinary gain. Performance by business segment was as follows.



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Sales growth from the increase in the numbers of directly operated schools and students

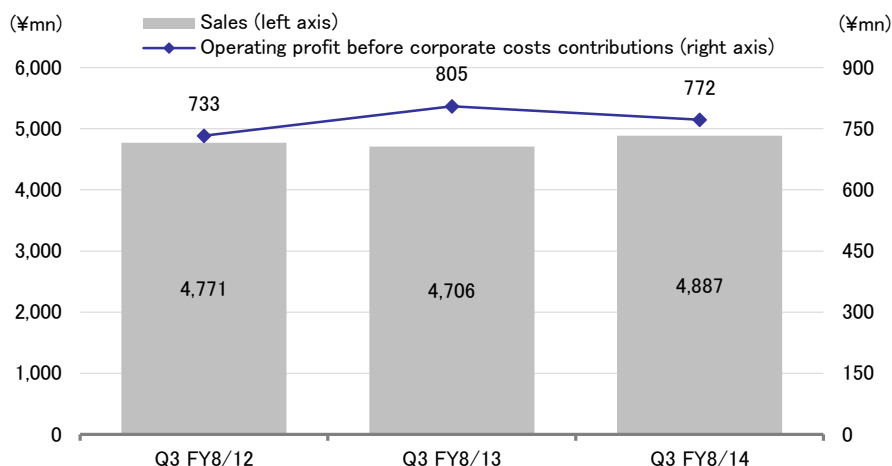
○Meiko Gijuku directly operated schools

In Meiko Gijuku directly operated schools in Q3 FY8/14 (September 2013 to May 2014), sales increased 3.9% YOY to ¥4,887mn, but operating profit before the deduction of corporate costs decreased 4.1% to ¥772mn. There were 218 directly operated schools in business at the end of May, an increase of 7 YOY, while there were 15,116 enrolled students, a rise of 4.1%, which supported sales growth.

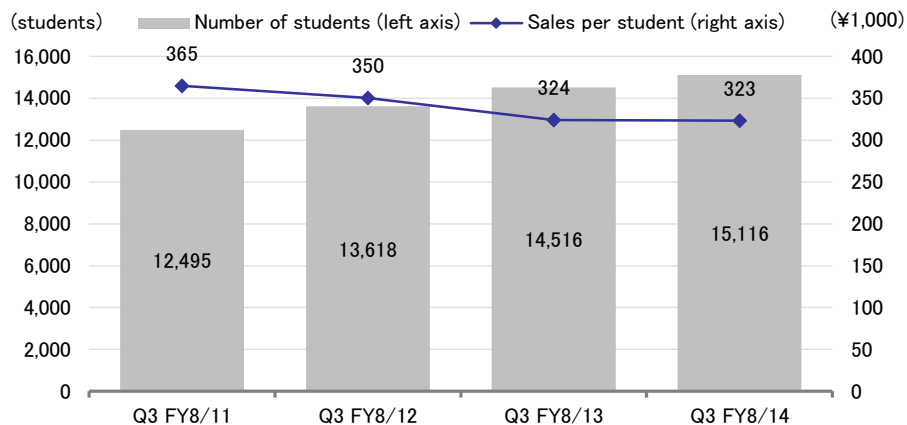
Sales per student continued to trend downward, but one of the main reasons for this was the impact of the increase in the percentage of students who are elementary school children, who have a low sales unit price. The percentages of students who are elementary school children increased 1.3 pts YOY, but this trend should result in the company securing more students in the future. In addition, student numbers continued to increase and there were 69.3 students per school at the end of May (compared to 68.8 at the same time in the previous fiscal year). The entry counseling service that was launched in FY8/13 continues to be introduced as standard in each school, and this service is increasing the satisfaction of students and their parents, which, in conjunction with improvements to the school facilities, is having the effect of increasing the number of students.

The main reason behind the decline in operating profit before the deduction of corporate costs was the rise in personnel costs and other costs accompanying an increase in the number of schools. In addition, the cost of advertising for teachers and other personnel grew, as did the cost of training employees.

Trends in the performance of Meiko Gijuku directly operated schools



Trends in the number of students and the unit price at Meiko Gijuku directly operated schools



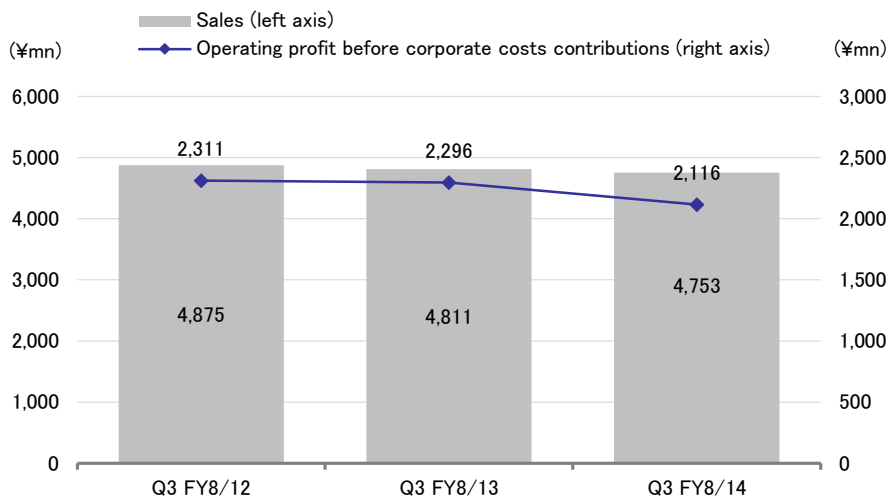
*Sales per student is calculated as 3Q sales divided by the number of students at the end of May

Promoting measures at franchised schools to increase the number of students

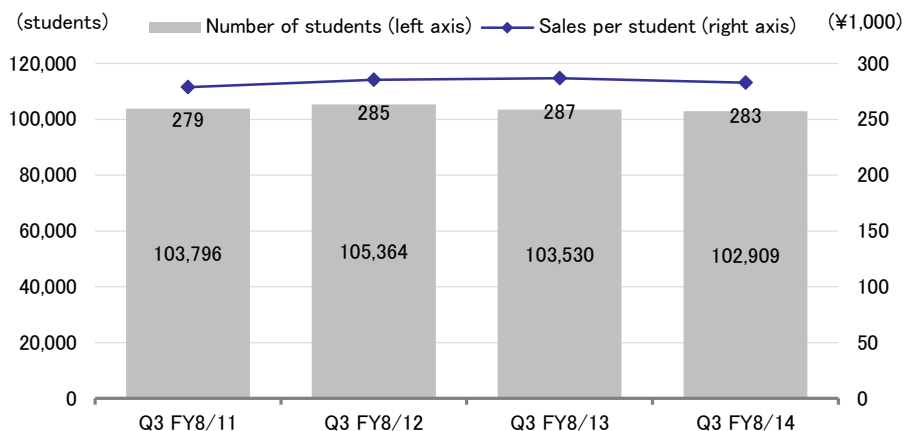
Meiko Gijuku franchised schools

In Meiko Gijuku franchised schools in Q3 FY8/14 (September 2013 to May 2014), sales decreased 1.2% YOY to ¥4,753mn and operating profit before the deduction of corporate costs declined 7.8% to ¥2,116mn. At the end of May, there were 1,909 franchised schools, which was an increase of 23 schools compared to the number at the same time in the previous year. But due to the intensified competition resulting from an increase in providers of tutorial instruction, the number of students decreased by 0.6% to 102,909 students, while sales per student also fell and as a result sales were down. Profits also declined, as in addition to the factors behind the decline in sales, there was an increase in personnel and other costs in order to strengthen central control.

Trends in the performance of Meiko Gijuku franchised schools



Trends in the number of students and unit price at Meiko Gijuku franchised schools



*Retail sales exclude fees for educational materials and test materials

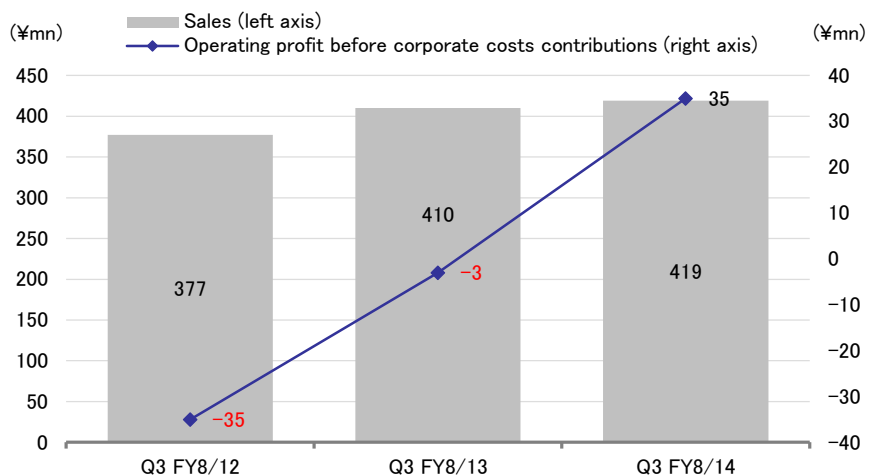
The fall in the number of students in Meiko Gijuku franchised schools has continued for seven successive quarters, since Q1 FY8/13, and it has become an issue the company's management needs to address. So in order address this issue and to increase the number of students, the company has begun introducing into franchised schools the school entry counseling service that it standardized for use in directly operated schools in FY8/13. It has already carried out training on two occasions at franchised schools throughout the country, in February to March and June 2014, and it will hold further training in September. The results of this should contribute to an increase in the number of students and the increase in the number of students should improve the desire of franchise owners to invest in new franchised schools, which should cause the growth in the number of schools to once again accelerate.

The preparatory school business recorded increases in sales and profit, with factors such as facility restructuring contributing to profits

○Preparatory school business

As for the preparatory school business operated by Tokyo Ishin Gakuin (Tokyo Medical School Preparatory Institute). in Q3 FY8/14 (September 2013 to May 2014), sales increased 2.2% YOY to ¥419mn, and operating profit before the deduction of corporate costs was ¥35mn (compared to a loss of ¥3mn in the same period in the previous fiscal year). The number of new enrollments this spring was sluggish and at the end of May, there were 125 enrolled students or 11 less than the number at the same time in the previous fiscal year. As a result, while results in the Q3 on a non-cumulative basis (March to May 2014) were slightly down, on a cumulative basis (September 2013 to May 2014) sales and profit both increased. The increase in profits reflected sales growth and also the drop in rent expenses since the institute reduced the number of its facilities to four, from five, in FY8/13.

Trends in the performance of the supplemental education business



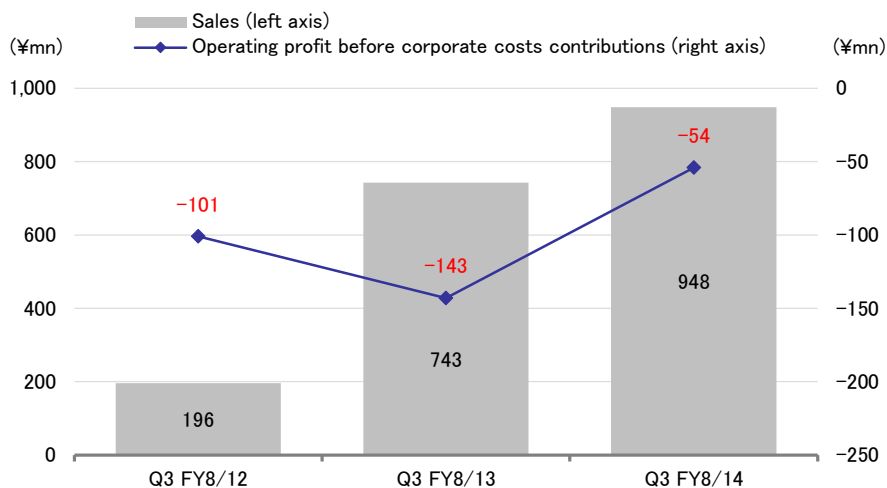
Other businesses recorded an increase in sales and improvements in profit and loss

○Other businesses

Results in other businesses improved significantly in Q3 (September 2013 to May 2014). Sales rose 27.5% YOY to ¥948mn, while operating loss before the deduction of corporate costs was ¥54mn (compared to an operating loss of ¥143mn in the same period in the previous fiscal year). Sales benefited from the addition of the sales of Koyo Shobo Co, which was included in the scope of consolidation from Q4 of FY8/13, but even when its contribution is excluded, sales growth in the range of 10% was still recorded (the effect on profits was negligible).

Sales at Meiko Soccer Schools and Waseda Academy Kobetsu Schools were both favorable. In addition, Meiko Kids Schools opened two new schools this spring, which increased the number of enrolled students, which in turn resulted in sales growth. In terms of profit and loss, the reduction in losses at Waseda Academy Kobetsu Schools, Meiko Kids Schools, and Abrakadoodle Art Studios contributed to the improved performance.

Trends in the performance of other businesses





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At the end of May there were 17 Meiko Soccer Schools (of which, 2 are franchised schools), compared to 14 schools (two franchised schools) at the same time in the previous fiscal year. But due to the unification and reorganization of some schools, the number of students fell from 913 students to 869 students. Also, while sales were strong, increasing by ¥3mn YOY to ¥96mn, the operating loss increased slightly, by ¥7mn to ¥18mn, mainly due to the increase in expenses resulting from the opening of new schools.

At the end of May, there were 3 directly operated and 14 franchised Waseda Academy Kobetsu Schools, which was an increase of 1 school compared to the same time in the previous fiscal year. Also, Waseda Academy directly operated schools increased by 2 schools to 6 schools, compared to 4 schools at the same time in the previous fiscal year. There were 1,103 students in all the schools and student numbers continued to increase. The schools' name awareness is improving due to the rise in the number of their students passing entrance exams for prestigious high schools and universities, which should result in an increase student numbers. As a result, this business achieved sales of ¥190mn and single digit sales growth YOY, and should record an operating profit in the near future, and among the company's new businesses, it is becoming the one that is contributing to profits the soonest.

Two new Kids Schools have been opened to create a three-school system, and it is thought that the number of enrolled students has risen to 280 students and sales have increased to around ¥40mn. This business recorded an operating loss due to an increase in expenses from the school openings, but against the backdrop of the active demand for child care, it is expected to achieve strong growth in the future through proactively opening schools. The same business has also newly begun collaborating with Buddy Sports Kindergarten, and has started providing education services, such as study classrooms and art classrooms, to three Buddy Sports Kindergartens.

Consolidated subsidiary Youdec Co. saw its orders increase for its main business of practice entrance examinations for junior high schools and high schools, and even sales of educational materials for students of private schools, which had continued to slump, began to recover from March onwards. Private instruction to students at their schools also performed well. As a result, it recorded sales of ¥507mn, and operating profit of ¥2mn, which were practically unchanged from the previous fiscal year.

Interest bearing debt has been greatly decreased and the financial structure further solidified

(2) Financial condition and measures of financial stability

At the end of May 2014, the company's total assets balance had fallen by ¥1,488mn YOY, to ¥15,068mn. This was mainly because of a decline of interest bearing debt of ¥1,600mn and a practically equivalent decrease in cash and deposits and long-term investments in securities. Most of the decrease in the long-term investments in securities was from the sale in December 2013 of all holdings in the former equity-method affiliate, Life Support Co.

The company's interest bearing debt significantly decreased and it became basically debt free, further improving indicators of management stability such as equity ratio, and the company has further solidified its financial structure.

Summary of the consolidated balance sheet and reasons for changes

(unit: ¥mn)

	FY8/13	Q3 FY8/14	Changes	Reasons for change
Current assets	9,297	8,324	▲ 973	Reduced cash and deposits
(cash and deposits)	7,122	6,055	▲ 1,066	
Fixed assets	7,259	6,744	▲ 515	long-term investments in securities ▲482 Long-term deposits ▲80
Total assets	16,557	15,068	▲ 1,488	
Current liabilities	4,130	2,133	▲ 1,997	interest bearing debt ▲1,600 Accrued tax payable, etc. ▲470
Fixed liabilities	613	595	▲ 17	
(interest bearing debt)	1,670	70	▲ 1,600	
Total liabilities	4,744	2,728	▲ 2,015	
Equity	11,813	12,340	527	retained earnings +543
[Measures of financial stability]				
(stability)				
Equity ratio	71.2%	81.6%		
Current ratio	225.1%	390.3%		
Ratio of interest-bearing debt to total assets	10.1%	0.5%		
(profitability)				
ROE	19.8%	-		
Ratio of operating profit to sales	23.4%	19.0%		

The company has left its initial FY8/14 forecasts unchanged and it is aiming for increases in sales and profit

(3) Forecasts for FY8/14

The company has left its initial forecasts for its consolidated results in FY8/14 unchanged; specifically, that sales will increase 7.8% YOY to ¥16,470mn, operating profit will rise 5.6% to ¥3,780mn, recurring profit will grow 4.3% to ¥3,880mn, and net profit will increase 7.4% to ¥2,330mn.

By the end of Q3, the company had achieved 66.8% of its sales forecast and 55.3% of its operating profit forecast for FY8/14, both of which are below the averages for the last three years (sales 70% and operating profit 61%). In the context of such factors as the decline in the performance of the Meiko Gijuku school business and the burden of prior investment for new businesses, in order to achieve its FY8/14 forecasts, in Q4 the company must grow sales by 18.5% YOY and operating profit by 22.1%. Although this presents a significant challenge, during the summer holidays, which is the company's main demand period, each of its businesses, including Meiko Gijuku School, Tokyo Ishin Gakuin (Tokyo Medical School Preparatory Institute), and Meiko Soccer Schools have been actively holding summer semester classes and residential programs and have also been increasing their number of new schools, so it is considered that the company is aiming to achieve its forecasts.



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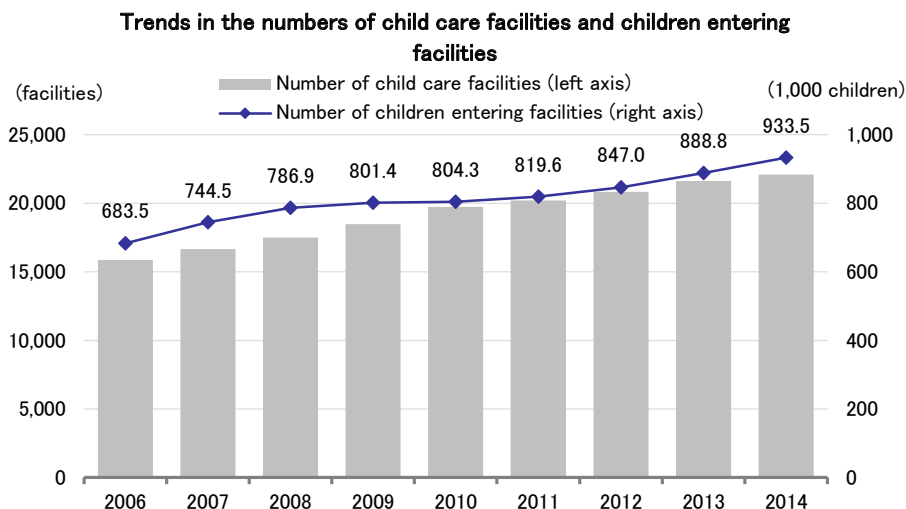
The company set out its policy in its medium-term plan of increasing the number of schools in its Meiko Gijuku school business by around 60 to 70 schools per year. It has only increased the number of schools by 20 YOY in the fiscal period under review, but it is implementing measures to increase franchise owners' motivation to invest, and it is thought that in the future, it intends to accelerate the pace of new school openings. Specifically, when a satellite school is being opened in the same area as another school, it will offer incentives to encourage school openings. In addition, while previously teacher recruitment has been carried out independently by franchise owners, the company is launching a shared recruitment website for all Meiko Gijuku schools, including directly operated schools, which will reduce the burden placed on franchise owners. In addition to these measures, it is aiming to retain students by holding training for school entry counseling and improving its communication with students and parents. This is because increasing the number of students at each franchised school will lead to a recovery in profitability per school, which will in turn result in an increase in new investment.

The enrollment of new students this summer in its preparatory school business has been sluggish, so the company has responded with a policy of focusing on communicating information over the Internet and also strengthening measures to encourage students currently attending high school, including those at high schools it is collaborating with, to enroll at its schools. It is also focusing its energies into continuing to increase the number of new students in its new businesses, including its Meiko Soccer Schools, Waseda Academy Kobetsu Schools, and Meiko Kids Schools.

Against the backdrop of active demand, Meiko Kids Schools should grow in the future

(4) Increased expectations for growth in the Meiko Kids Schools business

Despite the falling birth rate, the child care market continues to expand every year, and in 2013, 889,000 people used child care facilities. The background to this is changes to life styles, such as an increase in the number of households where both parents work or in single-parent households. But it is not the case that sufficient progress has been made in establishing child care facilities, and it said there is untapped demand of around 400,000 children on waiting lists. This child care problem is connected to the measures being advanced by the national government to address the falling birthrate and therefore in the future, it is anticipated that a review of the current system will be carried out, including to make use of private sector service providers.



Source : Zenkoku Gakudo Hoiku Renraku Kyougikai



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In this market environment, the company has currently operating three Meiko Kids Schools in Nerima Ward, Tokyo. Against the backdrop of the active demand, these schools are performing strongly, with all the available spots for courses for high school students (4th to 6th years) being filled at two of these schools. A feature of these schools is their varied lineup of services, as in addition to their basic Azukari service, which is nursery care for preschool children and after-school care for elementary school children, they offer study classes, art classes, English conversation classes, soccer classes, and other classes (please refer to the table). In the future, the company plans to open schools at a rate of two or three a year, including opening franchised schools, while at the same time aiming to further enhance its lineup of services.

Based on the children’s experiences at Meiko Kids Schools, there is a greater possibility that they will use the other business in the Group, such as enrolling at a Meiko Gijuku school or a Waseda Academy Kobetsu school. Therefore, growth is hoped for Meiko Kids Schools in the future from the perspective of increasing the number of users of services in the Group as a whole. As was previously stated, there is still significant untapped demand of children on waiting lists, and private-sector child care had finally entered a growth phase and is expected to continue to achieve strong growth for the time being.

Descriptions of courses at Meiko Kids Schools

	Azukari	Dropping off and picking up	Homework support	Event	Lessons
Club member regular	○	○*	○	○	○
Club member spot	○	△	○	○	△
School member	-	-	-	-	○
Pre-kids club member	-	-	-	○	△

* The dropping off and picking up service is free at charge at schools where this service is provided. Within the lessons service, regular member can take two “study classes” per week.

School members are members who specify attendance on a school day on a “learning program” intended for preschool and elementary school children.

The pre-kids club is a service for preschool children who intend to enroll in a Meiko Kids Schools when they enter elementary school.

Fees for the Meiko Kids School courses

	Club member regular		Club member spot	School member	Pre-kids member
	Lower grades	Upper grades			
Use period	1pm to 7pm	5pm to 9pm	-	-	-
Admission fee	21,600		-	5,400	21,600
Admission set	7,560		-	-	3,240
Once a week	19,000	10,000	Mornings, 3,780	Monthly membership fee Lesson menu Fees are different for each lesson (study, art, soccer, English conversation)	Other fees may be required, such as to take part in certain events
Twice a week	30,900	19,000	Afternoons, 4,270		
Three times a week	41,000	24,400	One day, 7,120		
Four times a week	49,000	27,700	Evenings, 3,240		
Five times a week	54,000	30,600			

* Other than the above, club member regulars must pay maintenance fees (teaching materials fees, event registration fees, system usage fees, snack fees, insurance).

Club members spot must separately pay a yearly membership fee of ¥3,240.

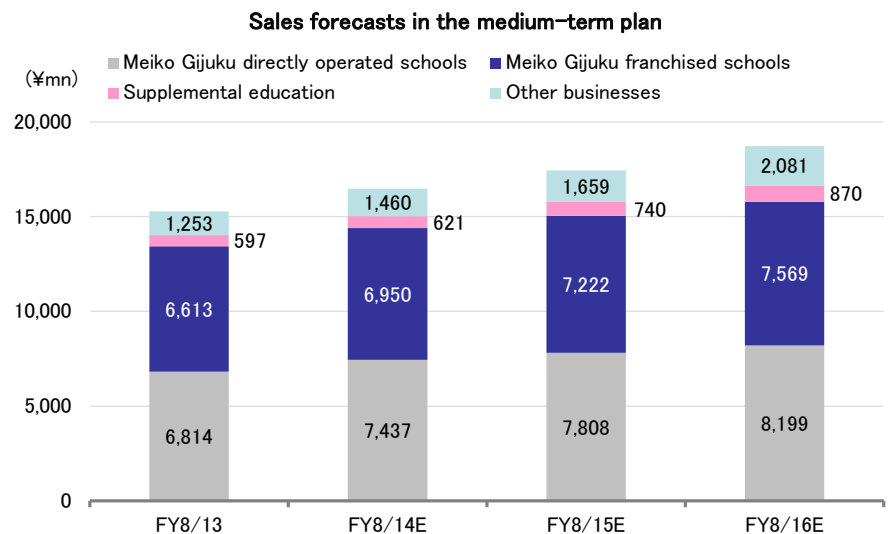
An admission fee is not required when a pre-kids club member becomes a club member regular.

■ Medium-term Management Plan

Targeting sales of ¥18,720mn for FY8/16 and a growth phase in other businesses

Meiko Network Japan has released the following vision statement for 2020: “Striving for further growth with educational and cultural activities as the core, we aim to become the top human resources development company.” The company’s medium-term plan for FY8/14 – FY8/16 is intended to achieve this goal. It targets consolidated sales of ¥18,720mn, recurring profit of ¥4,500mn, and 2,300 Meiko Gijuku schools in operation for FY8/16. In other words, it assumes about 7% compound growth per year in sales and recurring profit and about 3% compound growth per year in the number of Meiko Gijuku schools, or about 60 – 70 new schools per year.

The bar chart below shows the company’s sales targets for its businesses for FY8/14 – FY8/16, relative to sales in FY8/13. Over the three fiscal years, sales in the Meiko Gijuku school business are seen growing at a compound average rate of 5%, sales in the supplemental education business are projected to grow at a compound average rate of 13%, and those in other businesses, at a compound average rate of 18%. Thus, Meiko Gijuku schools will remain the prime business, but the Meiko Soccer Schools, Waseda Academy Kobetsu Schools, and Meiko Kids Schools are expected to grow strongly. Because of heavy initial investments, these businesses will probably contribute little to profit in FY8/14 – FY8/15, but by FY8/16, they should earn enough profit to make the other businesses division profitable.



■ Shareholder return policy

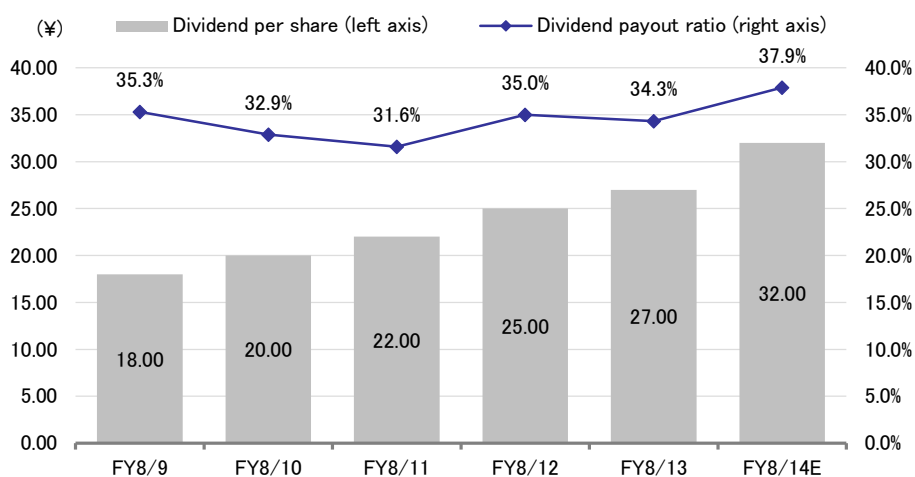
Profit growth and continuously increasing dividend payments through raising the dividend payout ratio

Meiko Network Japan has increased its dividend per share every year since listing its shares. For FY8/14, the company plans to raise its dividend per share by ¥5 to ¥32. Thus, FY8/14 will be the sixteenth straight year of dividend increases by the company. Meiko Network Japan plans to raise its dividend payout ratio to 50% eventually. Thus, if its profits keep growing, it is likely to increase its dividend for many more years.

The company also plans to continue a shareholder award program begun in FY8/12 through which each shareholder of a minimum lot receives a ¥3,000 QUO card. Based on the company's closing share price on July 24, 2014, of ¥1,310, the proposed dividend per share payment of ¥32 and the shareholder award, the total yield to holders of a minimum unit of shares (100 shares) is more than 5%, whereas the average dividend yield for listed Japanese companies is approximately 1.6%.

Due to the declining birth rate, the education services industry is expected to become an increasingly fierce competitive environment in the future. However, the company, through its proprietary franchise system, has stably achieved high profits and established a sound financial structure. Going forward, the company is likely to steadily grow its profits and at the same time, to increase its dividend payments. ROE is an investment indicator that is growing in importance, and in FY8/13 the company achieved an ROE of 19.8%, which is significantly higher than the average ROE for Japanese companies listed on the 1st Section of the Tokyo Stock Exchange, of 8.5%. Therefore, Meiko Network Japan is likely to remain attractive to investors.

Trends in dividend per share and dividend payout ratio





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Income statement (consolidated)

(unit: ¥mn, %)

	FY8/10	FY8/11	FY8/12	FY8/13	FY8/14 E
Sales	12,855	13,715	14,484	15,279	16,470
(YOY growth)	8.7	6.7	5.6	5.5	7.8
Cost of goods sold	7,323	7,922	8,403	8,995	-
(Cost of goods sold ratio)	57.0	57.8	58.0	58.9	-
SGA cost	2,423	2,429	2,537	2,703	-
(SGA cost ratio)	18.9	17.7	17.5	17.7	-
Operating profit	3,108	3,363	3,543	3,580	3,780
(YOY growth)	4.4	8.2	5.3	1.1	5.6
(Operating profit margin)	24.2	24.5	24.5	23.4	23.0
Non-operating income	236	212	238	260	-
Non-operating expenses	102	98	53	123	-
Recurring profit	3,243	3,477	3,727	3,718	3,880
(YOY growth)	6.0	7.2	7.2	-0.2	4.3
(Recurring profit margin)	25.2	25.4	25.7	24.3	23.6
Extraordinary profits	47	26	24	-	-
Extraordinary losses	81	169	166	110	-
Pretax profits	3,209	3,334	3,585	3,608	-
(YOY growth)	9.3	3.9	7.5	0.6	-
(Pretax profit ratio)	25.0	24.3	24.8	23.6	-
Corporate taxes	1,312	1,411	1,616	1,433	-
(Effective tax rate)	40.9	42.3	45.1	39.7	-
Net profit	1,897	1,922	1,969	2,169	2,330
(YOY growth)	11.4	1.4	2.4	10.2	7.4
(Net profit ratio)	14.8	14.0	13.6	14.2	14.1
[Measure of profitability]					
Average number of share outstanding (thousand)	31,190	27,647	27,587	27,599	-
EPS (¥)	60.82	69.55	71.38	78.60	84.43
DPS (¥)	20.00	22.00	25.00	27.00	32.00
BPS (¥)	267.76	316.93	366.72	426.82	-
Dividend payout ratio (%)	32.9	31.6	35.0	34.3	37.9
ROE (%)	25.8	23.9	20.9	19.8	-

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