Kondotec Inc.
7438 Tokyo Stock Exchange First Section

22-Jul.-14

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Both sales and recurring profit hit record for third straight year

Kondotec Inc. (7438: Tokyo Stock Exchange First Section) supplies materials for infrastructure and environmental equipment that is indispensable for society. Specifically, it manufactures and trades industrial steel appurtenances, such as turnbuckles and shackles, as well as purchases and sells electrical equipment. The company's main strengths are its extensive lineup of more than 50,000 products, and rapid delivery, enabling close, local ties with customers. Because of this wide range customer industries, its revenue base is quite stable, little affected by economic cycles in particular sectors.

Kondotec's consolidated business performance for FY3/14 hit record in both sales and recurring profit for three consecutive years. Sales rose by 16.6% y-o-y, while recurring profit grew by 22.3% y-o-y. This was mainly due to a strong demand for construction materials such as shackles and scaffolding materials amid a boom in the construction industry, as well as a firm demand for electrical facility equipment, including cables and air-conditioning equipment.

The upward trend in revenues and earnings is expected to continue in FY3/15, however, the pace of growth is likely to slacken off, with y-o-y increases of only 2.1% in sales and 1.9% in recurring profit. This comes against the backdrop of declining construction commence – condominium buildings in particular–and a downturn in demanding for electrical facility equipment. Furthermore, sales of both industrial materials and structural steel materials are expected to slow down amid a shortage of manpower in the Japanese construction industry.

The company has long pursued a mid-term sales objective of ¥50,000mn per annum. With this level nearly reached, the executive has begun to draw up a new growth strategy aiming ¥100,000mn by around the year 2020. The company plans to pursue M&A options aggressively, including domestic manufacturers of industrial materials, construction materials makers who are actively seeking to set up operations overseas, and online sales companies. Meanwhile, the company has been engaged in online selling with the aim of making equity investments, and future efforts in this area will bear close watching.

Check Point

- Stable earnings base, resistant to business fluctuations in particular industries
- Sales, operating profit, and recurring profit all surpass company's forecasts
- Sales have essentially reached the company's initial target, and the executive is now aiming at the next long-term target of ¥100,000mn.

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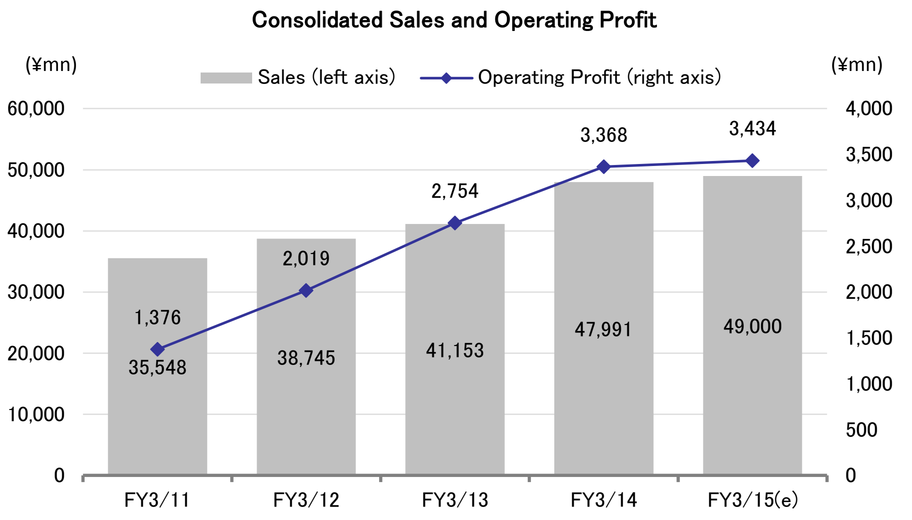

Overview of Kondotec

Selling materials relating to infrastructure indispensable to society and environmental equipment to a wide range of industrial sectors

Kondotec sells materials required in the construction and maintenance of the infrastructure that are indispensable to society, as well as environmental equipment. Its customers range across a wide range of industries, mainly in the civil engineering and construction sectors, others like logistics service providers, shipbuilders, railroad operators, and companies in the environmental field. The main products it manufactures and sells are industrial steel appurtenances such as turnbuckles and shackles, and it also sells electrical equipment conducted by its wholesaler subsidiary Sanwa Denzai.

Until March 2014, Kondotec operates 42 sales offices and four production plants in Japan, while it has one local subsidiary, in Thailand. Subsidiary Sanwa Denzai has 12 domestic sales offices. Kondotec has been expanding its recruitment to match the growth of its business scale. The number of employees of the company as of the end of March 2014 was 588 on a non-consolidated basis (compared with 556 at the end of March 2013), and 691 on a consolidated basis (660 for the previous March). The company's four production plants – in Hokkaido, Ibaraki, Shiga, and Fukuoka – constitute a network enables rapid production and shipment orders in any part of the country.

Kondotec Group offers extensive lineup of around 50,000 products

(1) Business Undertaking

Kondotec has three business segments – industrial materials, structural steel materials, and electrical equipment. The graph below shows a breakdown by segment of sales since FY3/11. As detailed in the bar chart, industrial materials account for the largest proportion of total sales, by roughly 60%, followed by structural steel materials by just over 20% and electrical equipment by just under 20%. The consolidated entity trades about 50,000 items. Kondotec's main products are listed in the following tables.

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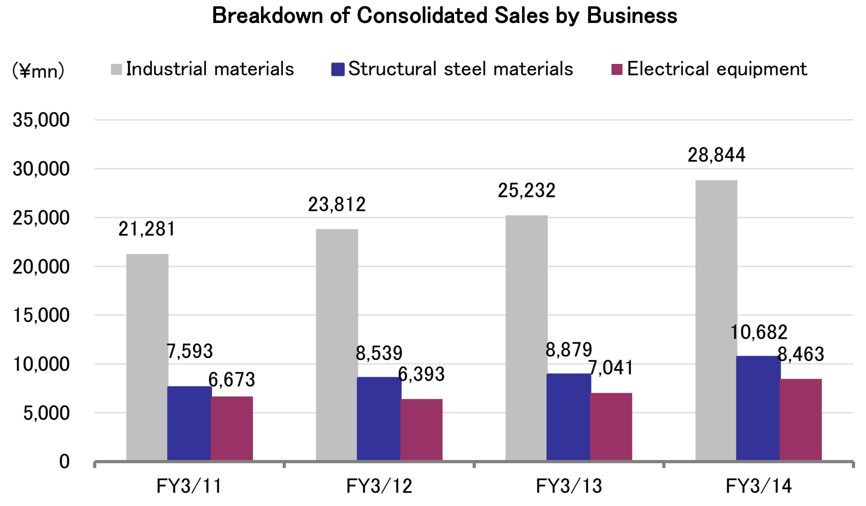

Main products sold by source

Manufactured:	Turnbuckles, Braces, chains for suspending scaffolding, screw products, anchor bolts, construction materials, etc.
Purchased:	Shackles, clips, hooks and other metal goods, chains, wire ropes, threaded studs, construction materials, lighting fixtures, power distribution boards, air-conditioning equipment, eco-friendly equipment such as solar power equipment and energy-efficient hot water tanks, etc.

Main products by business

Industrial materials:	Turnbuckles, shackles, clips, hooks, screw products, container bags, sheets, nets, etc.
Structural steel materials:	Braces, anchor bolts, high-tension bolts, self-supporting cone pieces, column supports, bracing sheets, etc.
Electrical equipment:	Air-conditioning equipment, lighting fixtures, eco-friendly products (solar power equipment, energy-efficient hot-water tanks), electric wires, power distribution boards, sensors, etc.

In FY3/14, products manufactured in-house accounted for roughly 20% of the parent company's sales in industrial materials and structural steel materials. The remaining 80% were purchased from manufacturers in Japan or overseas. About 23% of the purchased products were imported (annual value of just under ¥8,000mn), mainly from makers in China. Sales in overseas markets amounted for only ¥396mn in FY3/14, and the devaluation of Japanese Yen resulted in minus earnings slightly. However, Kondotec handles a wide range of products in comparatively small amounts, and its rapid-delivery marketing system enables it to stay ahead of its competitors. As a result, impact of the weak yen on the company's earnings has been minimal.

Kondotec's business model makes it resistant to economic fluctuations in particular industries

(2) Strengths and Competitors

Kondotec's various strengths can be summed up in the following three points:

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・Widely dispersed customers in various industries support business stability even during downturns in particularly sectors (Kondotec suffered recurring profit losses only once since its establishment in 1953).
・Its internal organization enables marketing staff to pinpoint customer needs at an early stage and develop new products rapidly enough to meet those needs.
・It boasts excellent supply chain- notably a rapid-delivery system encompassing production plants and the ability to respond promptly to small-lot orders for a wide range of products.

The market for structural steel products in Japan is currently dominated by two leading companies -Kondotec and Furusato Industries Ltd. (8087). Furusato holds a market share of about 60% in comparison to Kondotec's 30%. In the market for industrial materials, competitors vary by product, such as: Maeda Kosen (7821) and Hagihara Industries (7856) in large-scale civil engineering materials; Alinco Co. (5933) and SRG Takamiya (2445) in scaffolding materials; Okabe (5959), Marui Sangyo, Kunimoto Corp., and Mitsuboshi Shoji in general construction materials; and Trusco Co. (9830) and Gnet in the field of industrial tools.

Business Trends

Sales, operating profit, and recurring profit all surpass company's forecasts

(1) Outline of FY3/14 business performance

Consolidated business performance figures for FY3/14 hit record-high sales and profits in all categories for three consecutive years. Sales rose by 16.6% y-o-y to ¥47,991mn, operating profits advanced by 22.8% to ¥3,271mn, recurring profit increased by ¥22.3% to ¥3,368mn, and net profit improved by 24.1% to ¥1,992mn. As of March 2014, sales, operating profit, and recurring profit eclipsed slightly company's own estimation.

FY3/14 consolidated business results

(Units: ¥mn, yen)

	FY3/13		FY3/14				
	results	vs. sales	initial Co. f	results	vs. sales	y-o-y	vs. initial Co. f
Sales	41,153	-	46,588	47,991	-	16.6%	3.0%
Cost of sales	31,890	77.5%	36,474	37,663	78.5%	18.1%	3.3%
SG&A expenses	6,597	16.0%	6,992	7,056	14.7%	7.0%	0.9%
Operating profit	2,664	6.5%	3,121	3,271	6.8%	22.8%	4.8%
Recurring profit	2,754	6.7%	3,207	3,368	7.0%	22.3%	5.0%
Net profit	1,605	3.9%	1,994	1,992	4.2%	24.1%	-0.1%
Dividend per share	14.00	-	15.00	15.00	-	-	-

Note: Company estimate = as of Feb. 2014

In the construction industry – Kondotec's main market – the company's business performance was strong and steady. Investment in public works remained firm, focused on restoration demand for replacement of facilities destroyed by the 2011 Great East Japan Earthquake and tsunami, as well as active construction demand such as new offices and condominium buildings in urban areas and logistics centers, which is accompanied by economy recovery,

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The cost-of-goods-sold ratio rose by 1.0 percentage point over the previous year, largely owing to higher purchasing costs for imported goods stemmed from the continuing devaluation of Japan yen. SG&A expenses increased by ¥458mn y-o-y, largely due to higher payroll costs (increased by ¥210mn), transportation costs (increased by ¥99mn), and general administration costs (increased by ¥119mn). Thanks to increased revenues, the SG&A expense ratio recorded a 1.3-point y-o-y decrease to 14.7%. As a result, the operating profit margin rose by 0.3 points to 6.8%. Trends by segment are as follows.

○Industrial Materials

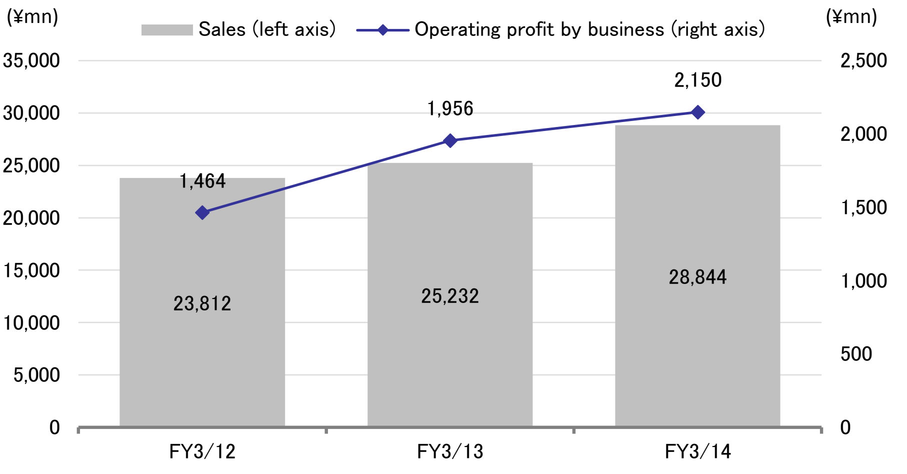
Sales of industrial materials increased by 14.3% y-o-y to ¥28,844mn, while operating profit for this segment rose by 9.9% to ¥2,150mn. Positive factors included growth in private-sector construction, increased demand for clamps and pipes used in mega solar panel frameworks, and favorable sales of scaffolding materials. In addition, increased housing construction starts caused a steep rise in sales of metal fittings used in the construction of wooden housing, while frequent occurrence of natural disasters such as hurricanes and tornados led to strong demand for tarpaulins and sandbags.

According to sales by region, about ¥2,000mn out of the total sales increasing of ¥3,600mn was achieved in the Western Japan, where economic recovery had been inactivate to the end of FY3/13. In a breakdown by product origin, sales of products manufactured in-house grew by around ¥300mn y-o-y, while sales of products purchased from outside and resold rose by about ¥3,300mn.

The operating profit margin for the industrial materials segment rose by 0.3 of a percentage point y-o-y to 7.5%. This was due to a decline in the gross profit margin from 22.5% to 20.9%. As described above, the cost of imported goods rose due to the devaluation of Japan yen. Kondotec made efforts to pass on these cost increases to sales price, however, competitors maintained their price levels, resulting in unsuccessfully pass on the increased costs in adequate. Meanwhile, the gross profit margin on in-house manufactured products was rescued by the increased revenues, rising by 0.5 of a percentage point to 31.5%.

In a breakdown of positive and negative factors behind the company's profits in this segment, profits were pushed up by ¥681mn thanks to increased sales volume and by ¥160mn thanks to the passing-on of costs to customers, while negative factors comprised ¥393mn due to the decline in gross profit margin and ¥254mn due to increased SG&A expenses (common expenses up ¥176mn, transportation costs up ¥48mn).

Sales and operating profit from industrial materials



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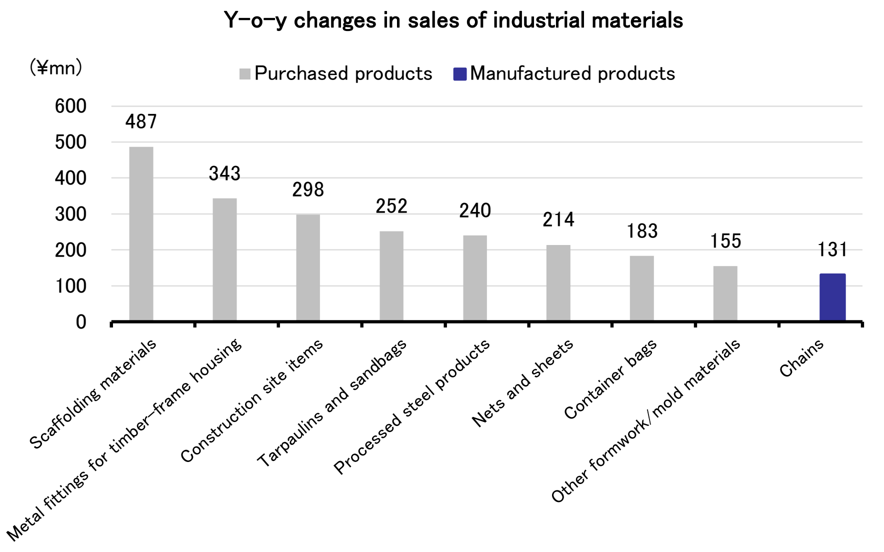


○Structural Steel Materials

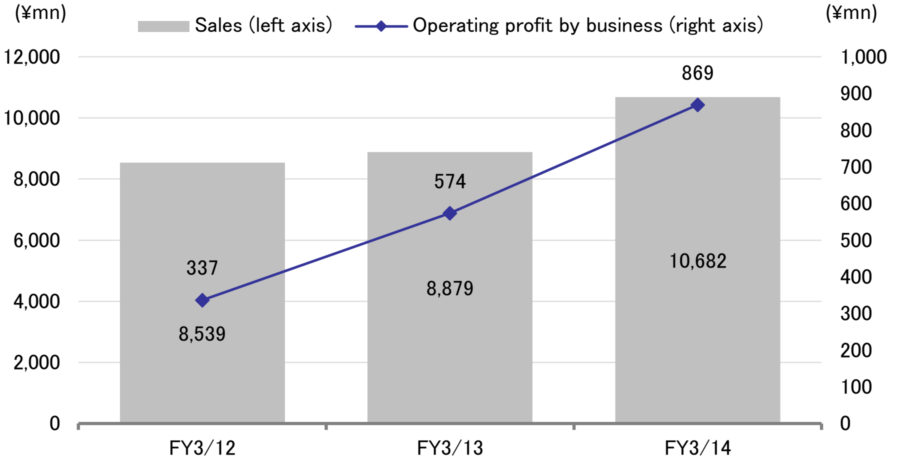
Sales of structural steel materials posted a y-o-y increase of 20.3% to ¥10,682mn, and the operating profit for the segment rose by a sharp 51.3% to ¥869mn. Restoration demand was brisk in all parts of Japan. In addition to sales of materials for use in large-scale urban redevelopment projects in major cities within Tokyo area and the Chubu region, the construction of logistics centers and shopping malls was intensified in many other areas of the country. Sales of in-house manufactured products rose by about ¥500mn y-o-y, while sales of products purchased from outside surged by a steep ¥1,300mn. In particular, strong growth was recorded in sales of steel framework products as well as braces and high-tension bolts.

In a breakdown by area, sales increased to all regions of Japan, with a y-o-y gain of roughly ¥1,000mn in eastern Japan marketing area and about ¥800mn in western Japan area. The share of total sales in eastern Japan rose from 44% in FY3/13 to 46% in FY3/14.

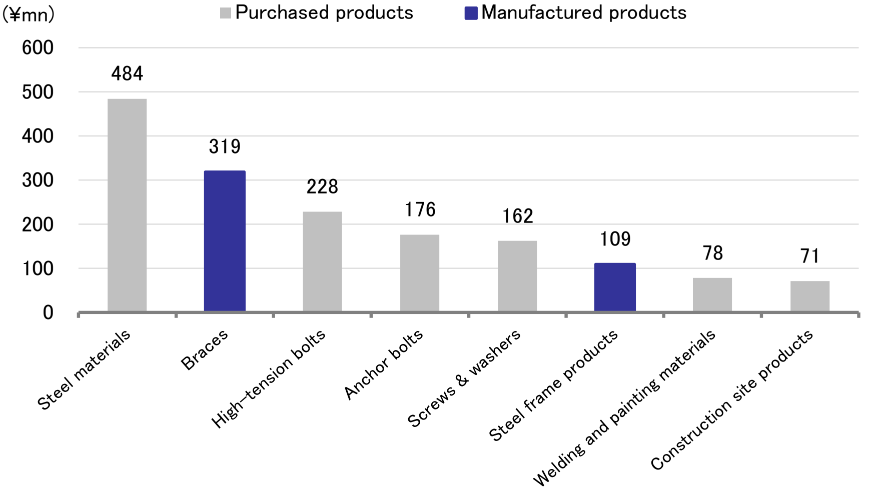
The operating profit margin for the structural steel materials business rose by 1.6 points y-o-y to 8.1%. In addition to increased sales volume, the profit margin also benefited from an improved product mix, as anchor bolt production lines were refitted to manufacture braces, which are more profitable, in order to meet increased demand. Orders for anchor bolts also rose, but this extra demand was met via increased purchases from outside sources. As a result, the gross profit margin on manufactured products improved from 28.6% for FY3/13 to 30.8% for FY3/14. The gross profit margin for purchased products, meanwhile, edged downward from 19.6% to 19.2%.

In a breakdown of positive and negative factors behind profits in this segment, they were pushed up by ¥324mn thanks to increased sales volume, by ¥69mn thanks to price raises, and by ¥54mn thanks to the improvement in the gross profit margin. These positive factors acted more like an offset to the negative impact of ¥153mn which was caused by increased SG&A expenses (common expenses up ¥49mn, transportation costs up ¥48mn).

Sales and operating profit from structural steel materials



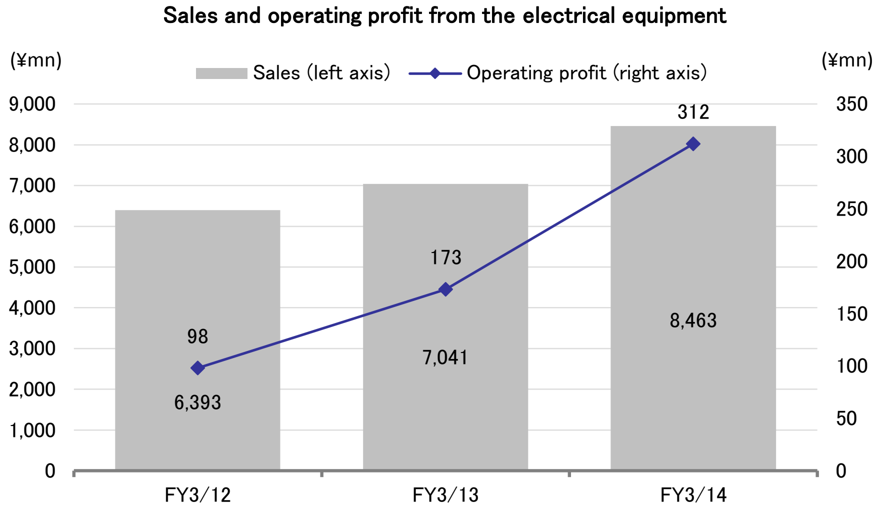
Y-o-y changes in sales of structural steel materials

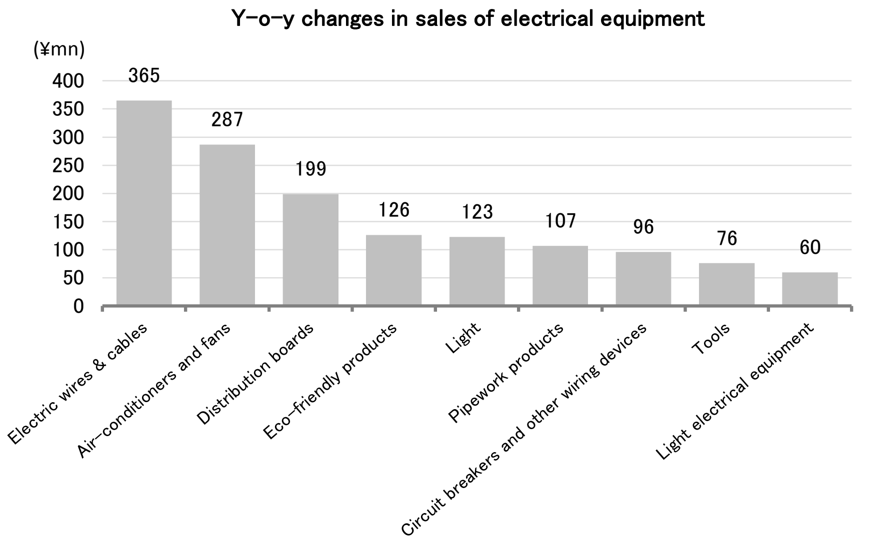


○Electrical Equipment

Sales of electrical equipment rose by 20.2% to ¥8,463mn, while operating profit for the segment rose sharply by 79.6% to ¥312mn. Sales were brisk under the circumstances of increased private-sector construction activity in office buildings, housing, and commercial facilities. Sales of major product categories such as electric wires and cables, air-conditioners, extractor fans, and distribution boards were favorable, meanwhile sales of LED lighting fixtures and solar power generation systems also increased amid rising social concern with environmental preservation and energy conservation.

The operating profit margin for this segment rose 1.2 points to 3.7%. Profits increased ¥247mn thanks to increased sales, while on the other hand, operating profit was pulled down by ¥73mn due to a decline in the gross profit margin from 16.6% to 15.8%, and by ¥35mn due to increased SG&A expenses (mainly caused by higher staff bonus payments). The decline in the gross profit margin was caused by increasingly stiff competition for orders.



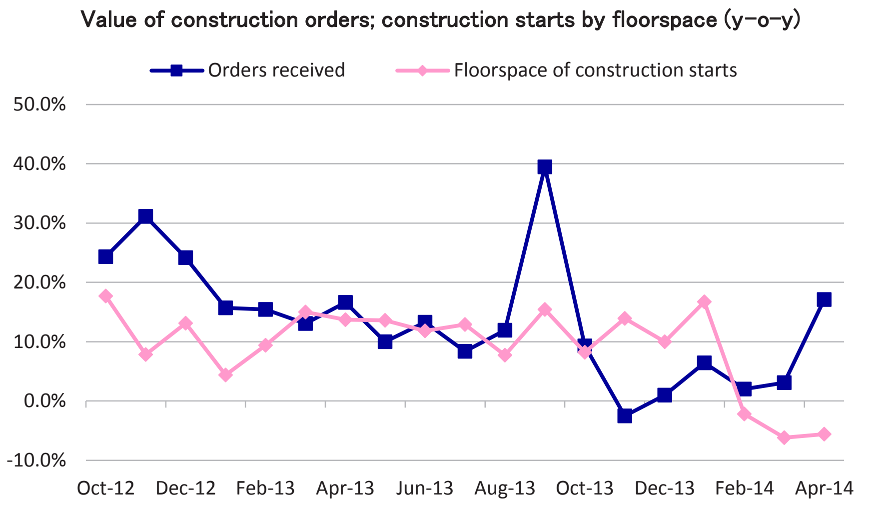


Increases projected in both revenues and earnings for FY3/15, although growth rate of earnings likely to slow down

(2) Business performance forecasts for FY3/15

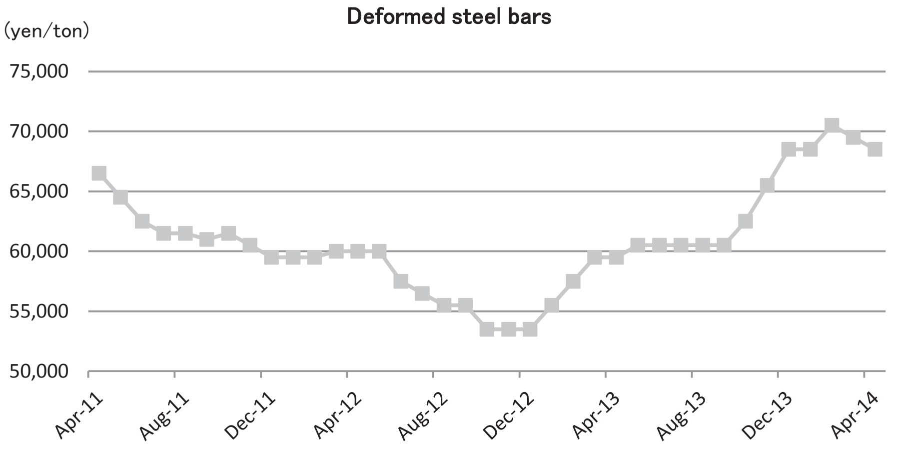
Kondotec forecasts increases in both revenues and earnings for its FY3/15 consolidated business performance. On a consolidated basis, the company forecasts a 2.1% growth in sales to ¥49,000mn, a 2.3% growth in operating profit to ¥3,345mn, a 1.9% gain in recurring profit to ¥3,434mn, and a 2.4% increase in net profit to ¥2,041mn.

It is estimated that the earnings growth rate is set to slow down. This is thought to be a reflection on a serious manpower shortage in the construction industry. Projects are not progressing as planned, despite strong demand for construction. In fact, orders received by construction companies have been holding firm since the start of 2014, however, a survey of construction commences shows that since February they have fallen into the minus column on a y-o-y comparison in floorspace terms. This y-o-y minus performance is being seen not only in housing commences – including both condominiums and single-family houses – but also in construction of office and other non-housing facilities.



Source: Ministry of Land, Infrastructure, Transport and Tourism

Meanwhile, in consideration of Kondotec's projection for specific business segments, it forecasts a 19.2% y-o-y decline in sales and a 50.4% y-o-y slump in operating profit for the electrical equipment segment, which is heavily dependent on housing construction commences. For the industrial materials business, however, sales are estimated to rise by 5.8% and operating profit by 11.4%, while increases in both figures are also foreseen for structural steel materials, by 7.6% for sales and 4.3% for operating profit. The operating profit margin in the industrial materials business can be improved thanks to currently ongoing success in passing on purchase costs to sales prices. In the structural steel business, however, the profit margin is likely to be pulled down slightly by rising market prices for steel bar, which is a main raw material, as well as by changes in the product mix.



Sources: Japan Metal Daily, Tokyo trader' s price

On a non-consolidated basis, Kondotec's sales in April 2014 rose only marginally over the same month of the previous year, partly in reaction to the raising of the consumption tax. It appeared that sales in May have been restored somehow and business performance is currently proceeding fairly well according to the company's forecasts.

As a reflection of vigorous demand, the capacity utilization rate at three of the company's production plants (excepting the Hokkaido Plant) for FY3/14 was over 95%, and even the figure for the Hokkaido Plant was 86.5%, which is now operating at almost full capacity. A third production building was constructed in FY3/14 at the Kanto Plant (at an investment of about ¥250mn). This indicates an increase in total production capacity of about 4% (in volume terms) for all four company's plants, therefore Kondotec plans to further increase production of braces, for which demand is strong.

Growth Strategy

Initial targets almost reached – company aiming for next sales of ¥100,000mn

The executive of Kondotec has previously taken up a number of themes within its growth strategy, such as responding to demand for reconstruction following the 2011 Great East Japan Earthquake and tsunami, enlargement of the solar energy power generation business, and expanding overseas operations, plus a number of smaller themes including developing new customers, beefing up marketing activities in the Tokyo area, promoting the installation of anchor bolts, and strengthening operations in the railroad business. On the basis of this strategy, the company set a medium-term target of ¥50,000mn in sales and aimed to realize an 8% operating profit margin as quickly as possible. The former objective is almost within reach.

For this reason, the executive of Kondotec has begun drawing up a specific growth strategy aiming at the new target of ¥100,000mn in sales. In the following section, we will give a brief overview of the progress made in projects on which the company has focused in pursuit of its former growth strategies and its new growth strategies.

Company foresees continuing firm sales responding to post-disaster restoration

(1) Previous key projects

Demand related to reconstruction in the wake of the 2011 Great East Japan Earthquake and tsunami pushed up sales for FY3/14 by ¥213mn y-o-y, to ¥887mn. According to the value reports concerning the final uses by sales bases of the company, it was indicated that sales figure resulting from post-disaster demand was estimated to be around 10% of total sales, just over ¥3,000mn. The company enjoyed a steady growth in sales of container bags used to store and transport rubble that was left over from the tsunami as well as a radiation-contaminated soil in the fallout from the Fukushima Daiichi nuclear disaster. Kondotec is thought to have reaped the benefits of extra staff hiring carried out in FY3/13. Sales are projected to follow a firm trend in the near future while regeneration demand will still continue for some time.

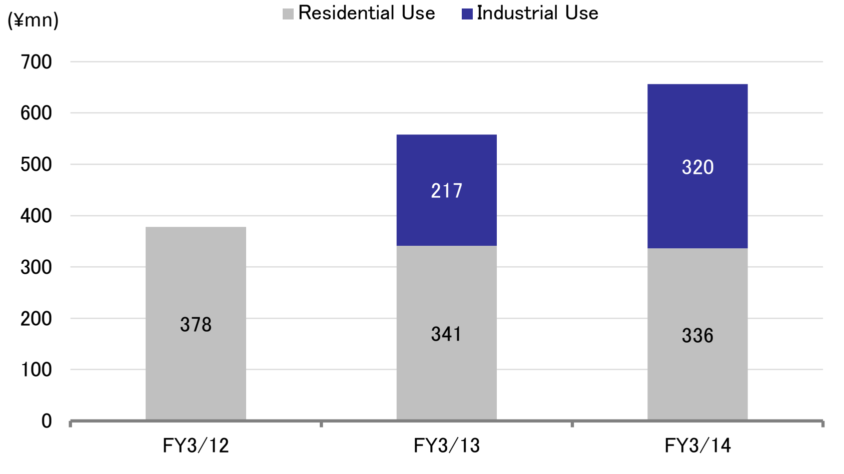
Sales of materials related to the aftermath of the 2011 Tohoku earthquake and tsunami

(Unit: ¥mn)

	FY3/12	FY3/13	FY3/14
Braces	200	18	87
Trawling nets	126	–	–
Container bags	281	263	316
Tarpaulins	152	153	203
Sandbags	52	51	79
Others	239	187	200
Total	1053	674	887

In the field of solar energy power generation equipment, the parent company Kondotec sells braces, clamps, and pipes used in mega solar panel frameworks as part of its non-consolidated sales, while subsidiary Sanwa Denzai sells various electrical materials and equipment used in solar power generation systems. Sales of solar power generation systems grew steadily in FY3/14, recording a y-o-y increase of ¥98mn to ¥656mn. These sales figures include solar power generation systems installed within its own factories (at a value of ¥95mn for FY3/13 and ¥97mn for FY3/14). Regarding prospects for FY3/15 and after, as the authorities have lowered the buying price from private power suppliers who contributing power supply to national grid, from ¥36/kW in FY3/13 to ¥32/kW in FY3/14, private-sector enterprise's enthusiasm for investment in solar energy systems may dramatically decline, however, plenty of orders remain on the waiting list for construction work. Thus, this dropping in demand is not expected to be severe.

Sales value of solar power generation systems



In consideration of its overseas expansion, Kondotec opened a representative office in Thailand in 2011 to meet newly emerging local demand for construction materials. In 2012 it established a joint venture with a Thai company (Kondotec's equity stake is 49%). Kondotec's overseas sales in FY3/14 amounted to ¥396mn, an increase of over 100% from the ¥167mn in FY3/13. The company expects sales to continue growing in the near future, and the executives aims to take steps – possibly including M&As with Japanese-owned construction materials makers in Thailand and Indonesia – to recover its former peak export sales (in excess of ¥2,000mn in the 1980s) at an early date.

Other strategies on which Kondotec is focusing include making further efforts to develop new customers, expanding marketing operations in the Tokyo area, gaining orders for the installation of anchor bolts, and strengthening its operations in the railroad business (square hook bolts). In all of these areas, the company increased its sales in FY3/14, and this is attributed to effective investment in marketing. In the railroad field, Kondotec is currently selling only square hook bolts, but it aims at further sales growth through expansion of the product lineup.

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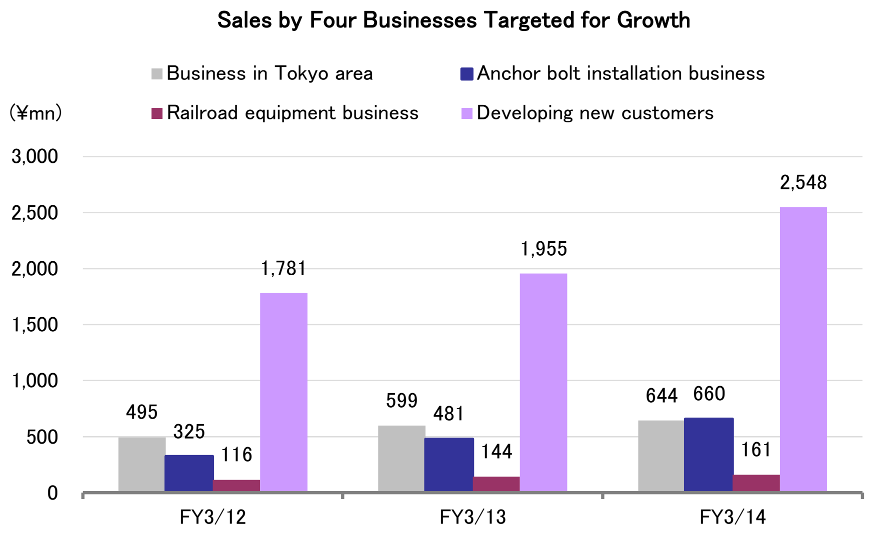

Company aims at higher profitability by raising ratio of products manufactured in-house and expanding business scale

(2) Measures taken toward target of ¥100,000mn in sales

Kondotec targets annual sales of ¥100,000mn by 2020, and in pursuit of this objective the executives are examining a range of specific growth strategy options. Regarding plans for new business operations, the company hopes to efficiently make good use of its solid customer base and operational infrastructure to expand existing core operations into peripheral areas and thereby boost total sales.

The executive also intends to pursue an active M&A strategy, targeting domestic makers of industrial materials, construction materials manufacturers who are expanding their operations overseas (mainly in Thailand and Indonesia), and companies engaged in online sales business. With respect to online sales businesses, Kondotec is looking for suitable partners in the form of enterprises specializing in particular types of materials.

In conclusion, Kondotec's strategy is to expand its total business scale while simultaneously realizing improved profitability by raising the percentage of sales occupied by products manufactured in-house.

Financial Condition and Policy on Shareholder Return

Company aims to simultaneously expand earnings base while improving profitability

(1) Financial Condition

The Balance Sheet table below shows Kondotec's financial condition on a consolidated basis in March 31, 2014. The total assets as of that date amounted to ¥34,481mn, for an increase of ¥3,289mn over the previous fiscal year-end. The principal causes of this increase were increases in trade receivables (up by ¥1,557mn), cash and deposits (up by ¥837mn), and inventories (up by ¥420mn). Among these factors, increases in trade receivables and inventories were both due to rush demand in the late March, ahead of the raising of the consumption tax rate on April 1, 2014.

Meanwhile, the main factors causing the company's liabilities to increase were accounts payable (up by ¥819mn), and trade notes and accounts payable (up by ¥662mn), whereas, among fixed liabilities, retirement benefits for directors declined by ¥248mn. Net assets increased by ¥1,792mn, mainly due to higher retained earnings.

According to Kondotec's management indicators, the two main indicators of productivity (which the management positions as a priority issue) – sales per employee and recurring profit per employee – have both risen, suggesting that productivity is set to rise even much higher. The indicators of profitability – operating profit margin, ROA, and ROE – also improved for the reporting term, and from this we can see that profitability is trending upward in parallel with the expansion of the earnings scale. The equity ratio stood at 54.4%, at the same level as the previous fiscal year-end, but net cash flow increased from ¥3,998mn to ¥4,836mn, revealing a further strengthening of the company's financial position. In the near future, Kondotec is highly likely to utilize its robust cash position to pursue its M&A strategy.

Balance Sheet

(Unit: ¥mn)

	FY3/12	FY3/13	FY3/14	Change
Current assets	18,528	21,310	24,412	3,101
(Cash and cash equivalents)	2,790	4,798	5,636	837
(Inventories)	2,670	2,746	3,167	420
Tangible fixed assets	9,874	9,882	10,069	187
Total assets	28,403	31,192	34,481	3,289
Current liabilities	11,551	12,462	14,349	1,887
Fixed liabilities	1,754	1,739	1,348	-391
(Interest-bearing debt)	700	800	800	-
Total liabilities	13,305	14,201	15,698	1,496
Net assets	15,097	16,990	18,783	1,792
(Indicators of financial stability)				
Current ratio (current assets / current liabilities)	160.4%	171.0%	170.1%	
Equity ratio (total equity / total assets)	53.2%	54.5%	54.4%	
Debt/equity ratio (interest-bearing debt / total equity)	4.6%	4.7%	4.0%	
(Indicators of profitability)				
ROA (recurring profit / average total assets)	7.4%	9.2%	10.3%	
ROE (net profit / average shareholders' equity)	7.1%	10.0%	11.1%	
Operating profit margin	5.0%	6.5%	6.8%	
(Indicators of efficiency)				
Inventory turnover rate (COGS / year-end inventories)	11.39	11.61	11.89	
Asset turnover rate (sales / year-end total assets)	1.36	1.32	1.40	
(Indicators of productivity)				
Sales (¥mn) per employee	58.88	62.35	69.45	
Recurring profit (¥mn) per employee	3.07	4.17	4.88	

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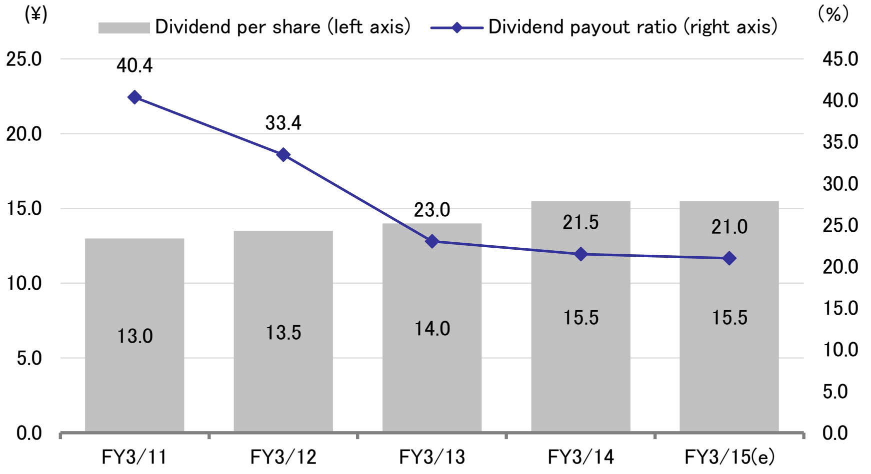
Company aims to pay stable dividend, taking payout ratio into account

(2) Shareholder Return Policy

With regard to shareholder returns, Kondotec has already increased its dividend payments in parallel with the expansion of its business performance. The company's basic policy toward shareholder returns is to ensure that its profits and enterprise value continue to grow, thus enabling the payment of a stable dividend while taking the dividend payout ratio fully into consideration. The dividend per share for FY3/15 is projected to remain level with that of FY3/14, at 15.5 yen, while the dividend payout ratio will be 21.0%. Kondotec has maintained its payout ratio at 20% or higher for recent years, and in the event that business performance surpasses its forecasts, such that the payout ratio falls below 20%, the company believes that a dividend increase is highly possible. Judged by the current level of the company's stock price, the dividend yield stands at around 2%.

Dividend per share and dividend payout ratio



Income Statement

(Units: ¥mn, %)

	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15 (e)
Sales	35,548	38,745	41,153	47,991	49,000
y-o-y	-	9.0	6.2	16.6	2.1
Cost of goods sold	28,205	30,412	31,890	37,663	-
y-o-y	79.3	78.5	77.5	78.5	-
SG&A expenses	6,067	6,406	6,597	7,056	-
SG&A expense ratio	17.1	16.5	16.0	14.7	-
Operating profit	1,275	1,926	2,664	3,271	3,345
y-o-y	-	51.0	38.3	22.8	2.3
Operating profit margin	3.6	5.0	6.5	6.8	6.8
Recurring profit	1,376	2,019	2,754	3,368	3,434
y-o-y	-	46.7	36.4	22.3	1.9
Recurring profit margin	3.9	5.2	6.7	7.0	7.0
Pretax profit	1,503	2,000	2,725	3,364	-
y-o-y	-	33.1	36.2	23.4	-
Pretax profit margin	4.2	5.2	6.6	7.0	-
Tax	669	954	1,120	1,371	-
Tax rate	44.5	47.7	41.1	40.8	-
Net profit	834	1,046	1,605	1,992	2,041
y-o-y	-	25.4	53.5	24.1	2.4
Net profit margin	2.3	2.7	3.9	4.2	4.2
[Major Indexes]					
Average number of shares outstanding (thousand)	25,922	25,922	26,422	27,627	27,638
EPS (¥)	32.19	40.36	60.77	72.13	73.92
DPS (¥)	13.00	13.50	14.00	15.50	15.50
BPS (¥)	554.79	582.41	615.12	679.27	-
Dividend payout ratio (%)	40.4	33.4	23.0	21.5	21.0
Number of employees	663	658	660	691	-

Note: In January 2012 the company made a 2-for-1 share split. Per-share figures for fiscal years prior to FY3/12 have been adjusted to reflect this split.

Disclaimer