Nagaileben
7447 Tokyo Stock Exchange First Section

19-Aug.-15

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A slight decline in profits year on year, but not a serious cause for concern

Nagaileben Co., Ltd. <7447> (hereafter, "Nagaileben" or "the Company") is the leading manufacturer of medical gowns in Japan, with a domestic market share of over 60%. In the consolidated business results for Q3 FY8/15 (September 2014 – May 2015) announced by the Company, sales amounted to ¥12,524mn, a 4.3% decrease year on year ("y-o-y"); operating profit amounted to ¥3,837mn, a 7.3% decrease y-o-y; recurring profit amounted to ¥4,104mn, a 3.2% decrease y-o-y; and net profit amounted to ¥2,580mn, a 4.2% decrease y-o-y. While there have been no significant changes, such as to the industry environment and market structure, on the one hand some large contracts were pushed forward to Q2, but on the other had some were also postponed to Q4. As a result there was a very slight decline in profits y-o-y, but not to an extent that would be a serious cause for concern.

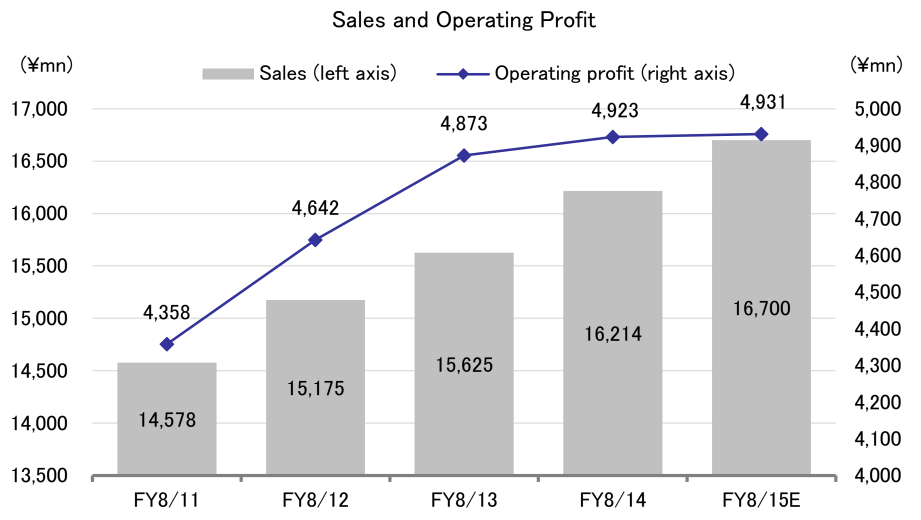
In its full-year business results for FY8/15, the current fiscal year, the Company expects to achieve ¥16,700mn in sales, a 3% increase y-o-y; ¥4,931mn in operating profit, a 0.2% increase y-o-y; ¥5,088mn in recurring profit, a 1.1% decrease y-o-y; and ¥3,187mn in net profit, a 1.1% decrease y-o-y. There has been no change to the revised forecasts that were announced with the interim results. However, both recurring profit and net profit may increase due to the effects of the exchange rate at the end of the current fiscal period.

The Company announced a new Mid-Term Management Plan, (numerical targets: sales of ¥17,500mn and operating profit of ¥5,300mn by FY8/17), and these targets have not changed. The Company plans to achieve these goals by expanding overseas production and strengthening its high-margin advanced-function product range.

Furthermore, the Company is taking a positive stance on shareholder returns, having already conducted a share buy-back of approximately 1.0mn shares (¥1,500mn) in FY8/15 through a takeover bid (TOB). In addition, it announced it will pay a ¥50 dividend to commemorate its 100th anniversary. So when combining this commemorative dividend with the normal annual dividend of ¥50, the full year dividend is forecast to be ¥100. This would likely give a dividend payout ratio of 107.9% (nonconsolidated basis) and a total return ratio of 156.5% (nonconsolidated basis) against the expected net profit, and the Company can be highly evaluated for its shareholder returns based on these percentages.

Check Point

- The leading manufacturer of medical gowns with a domestic market share of over 60%
- Even when renewals of lease contracts are postponed, the total is leveled out across the full fiscal year
- The operating environment is currently favorable



Company Profile

Leading manufacturer of medical gowns with a domestic market share of over 60%

(1) Description of businesses

Nagaileben is a specialist manufacturer of medical gowns for nurses, doctors, patients and others. Established in 1915 as Nagai Shoten, the Company has a rich history. Since then, it has expanded its operations nationally to become a leading domestic manufacturer with a share of over 60% of the market for medical gowns for nurses.

Company History

1915	Founded business specializing in medical gowns in Kanda-Jinbocho in Tokyo, Japan, as Nagai Shoten, privately owned by Koji Nagai.
1950	Liquidated Tokyo Eisei Hakui Co. Ltd. Koji Nagai and Tatsuro Sawanobori jointly established Nagai Shoten Co. Ltd.
1969	Established a subsidiary, Nagai Hakui Kogyo Co. Ltd., in Akita Prefecture to expand the medical gowns manufacturing division. Tatsuro Sawanobori was appointed President. Shifted focus of manufacturing and sales business specialization from multi-purpose white gowns to medical gowns.
1977	Built second product center in Kameido, Tokyo. Established partnership with a US company, G.D. Searle & company; and established Japan Surgical Apparel Co. Ltd. in Hiroshima to expand sales of new surgical apparel products for hospitals.
1978	Established technology partnerships with Angelica Corp (US) and Toray Industries, Inc. Developed and released medical gowns made with new fabric for leasing.
1980	Changed name to Nagai Co. Ltd. Opened sales office in Takamatsu, Kagawa. Concluded a license agreement with designer Kansai Yamamoto.
1982	Concluded a license agreement with designer Yukiko Hanai.
1988	Established Emit Co. Ltd. as a spin-off from Nagai Co. Ltd. Thereafter, the two companies exchanged their names, with Emit Co. Ltd. becoming a group management company, and Nagai Co. Ltd. becoming a group headquarters for sales.
1989	Newly built new Nagai Luminous, a manufacturing plant for high grade products, in Akita Prefecture. Started overseas production for global division of labor.
1994	Changed name from Nagai Co. Ltd. to Nagaileben Co. Ltd. Built a new logistics center in Akita Prefecture.
1995	Started over-the-counter trading of the Company's stock. Started development and sales of a second pillar product to respond to the aging society. Vice President Ichiro Sawanobori appointed President.
1996	Concluded an agreement with French designer Andre Courreges.
1999	Opened sales office in Nagoya, Aichi Prefecture. Concluded a license agreement with designer Atsuro Tayama.
2001	Listed on the second section of Tokyo Stock Exchange.
2002	Established technology partnership with Standard Textile Company, Inc. (US) and Toray Industries, Inc. for surgical textiles. Raised the status of Nagoya sales office to a branch.
2004	Acquired ISO 9001. Listed on the first section of Tokyo Stock Exchange. Absorbed Hokkaido Nagai Co. Ltd. and established Hokkaido branch.
2005	Acquired ISO 14001. Concluded a license agreement with designer Keita Maruyama.
2006	Concluded a brand agreement with designer Minako Yokomori.
2014	Relocated to new head office building in Kajicho, Chiyoda Ward, Tokyo.

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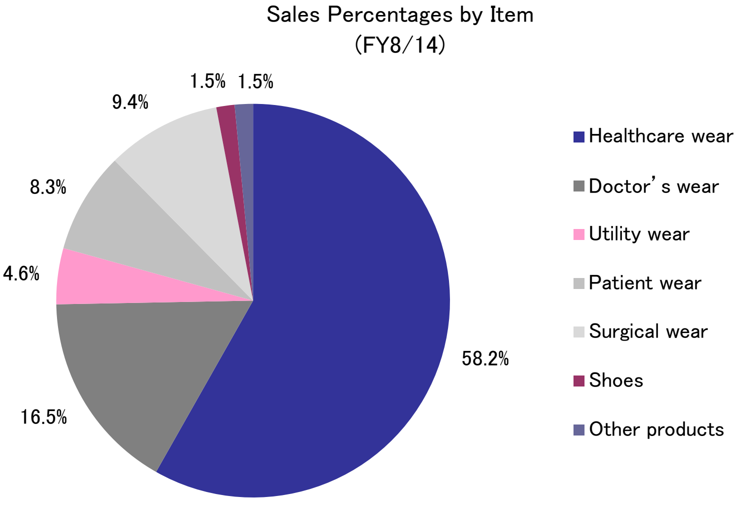
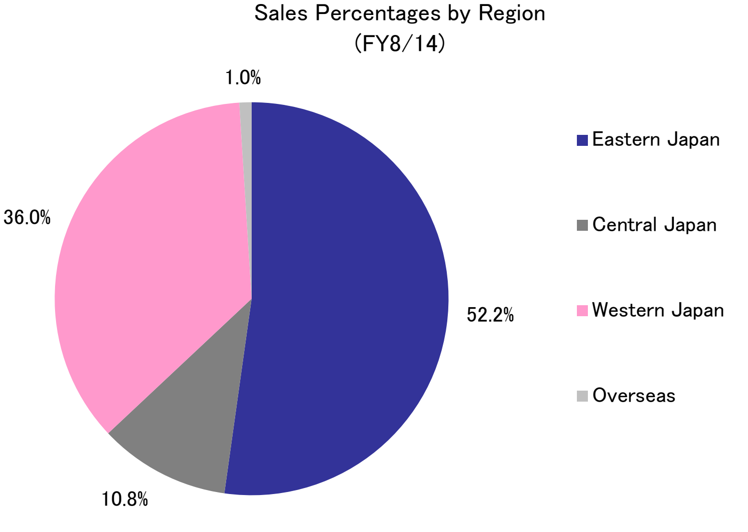
●Sales composition

All of the Company's products are medical gowns and related products. The sales contribution by item (FY8/14) is healthcare wear 58.2%, doctor's wear 16.5%, surgical wear 9.4%, patient wear 8.3%, utility wear 4.6%, shoes 1.5% and other products 1.5%. Healthcare wear consists of products mainly for nurses, and utility wear consists of aprons, cardigans, and other items worn as outer garments. Profit margins for each item do not vary significantly; however, the profit margins of purchased products, such as shoes, are relatively lower.



In terms of sales contribution by region (FY8/14), eastern Japan accounts for 52.2%, western Japan 36.0%, central Japan 10.8%, and overseas 1.0%. While coverage is nationwide, sales in central Japan and abroad remain low, indicating potential for future expansion.



In terms of sales contribution by product (function) (FY8/14), advanced-function products made up 48.1%, standard-function products 39.9%, mass-produced products 6.3%, and DC brand products 5.8%. As an example, in nursing wear products, when classified by price range, mass-produced products are under ¥5,000, standard-function products are ¥5,000-7,500, advanced-function products are ¥7,500-10,000, and DC brand products are over ¥10,000; the higher the price, the greater the profit margin.

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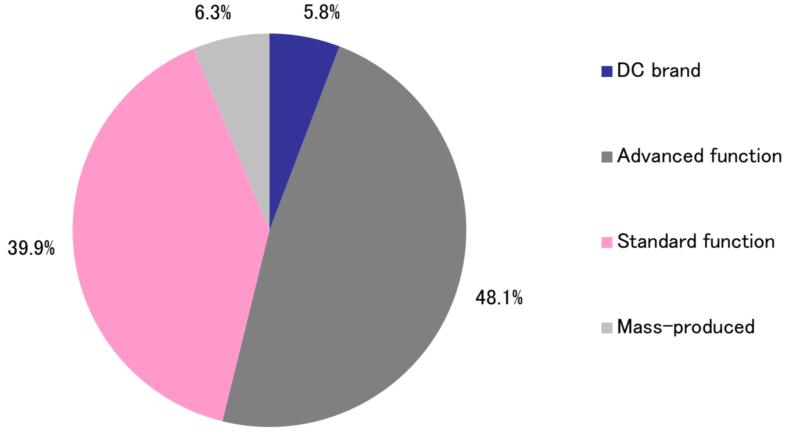
Sales Breakdown by Product
(FY8/14)



●Sales channels and production status

The Company's end users include nurses and doctors, with the purchasers of the products being mainly medical facilities such as hospitals, nursing care facilities, and other such facilities. However, the Company does not conduct direct sales, with 100% being agency sales via medical equipment wholesalers that trade with these medical and other facilities. As a result, direct sales expenses are contained; however, as sales staff is constantly in contact with large hospitals and other facilities, the Company understands customers' needs.

In most cases, medical gowns are laundered within the hospitals by the hospitals themselves, but in recent years they have been switching to leasing. The lease term is typically four years. Because this generates lease switching demand every four years, it seems to provide stable support for the Company's earnings.

Looking at the Company's production structure, based on FY8/14 performance, domestic production constitutes 54.3%, overseas production 43.1%, and purchased products 2.6%. Overseas production is predominantly in Indonesia, but the Company owns no factories and the goods are produced at factories of local partners, which mitigates investment risk and reduces costs.

Construction of an integrated system, from design to procurement, manufacturing, and sales

(2) Distinctive characteristics and strength

The Company is a specialized manufacturer of medical gowns, and one of its strengths is that it has in place an integrated system to undertake everything, from design to raw material procurement, manufacturing and sales. In its product planning, it can accurately understand customer needs and reflect them in its products. Specifically, the Company works with major synthetic fiber manufacturers, such as Toray <3402> to develop functional textiles, including antibacterial, anti-static, industrial washable specification (reduced cost) textiles. It also supplies products of excellent design, which have earned a good reputation from its users. At the same time, it also incorporates overseas production, enabling it to sell its products at an appropriate margin.

Furthermore, in addition to its large number of affiliated factories, the Company has the necessary financial resources to be able to constantly maintain product item inventories that extend into the thousands of varieties, while also being able to swiftly respond to a broad range of user needs, including for made-to-order products, through a rapid production and sales system (the Quick Response system) that delivers the desired product on a specified day. This has also helped it to earn strong trust from its customers. On the sales side, it has a network of close to 1,000 agents nationwide, and while its sales capabilities are robust, the Company itself controls its sales expenses as much as possible.

As a result, the Company's share of the domestic market for medical gowns for nurses exceeds 60%, and it maintains a firm position as the leading medical gown manufacturer in Japan. Additionally, it has maintained profitability with a gross margin of 46.8% (actual results for FY8/14). The fact that it is both highly profitable and has a high market share means that most of its customers are satisfied with its products and services, which is the Company's greatest strength.

By concentrating its business resources in the niche market of medical gowns, the Company can efficiently manage everything from design to manufacturing and sales. Moreover, although it is a niche market, room for further development remains, as it has relatively low market shares for patient wear, surgical wear and other items. The Company has explicitly stated that the medical gown business could grow for some time and it will move aggressively to develop peripheral markets.

Earnings Trends

Even when renewals of lease contracts are postponed, the total is leveled out across the full fiscal year

(1) Summary for Q3 of FY8/15

●Status of profit and loss
In the consolidated results for Q3 FY8/15 (September 2014 – May 2015), the Company achieved sales of ¥12,524mn, a 4.3% decrease y-o-y; operating profit of ¥3,837mn, a 7.3% decrease y-o-y; recurring profit of ¥4,104mn, a 3.2% decrease y-o-y; and quarterly net profit of ¥2,580mn, a 4.2% decrease y-o-y. Sales and operating profit were slightly below their targets, but each was only a small amount below target and neither result is a particular cause for concern.

Summary for Q3 of FY8/15

(¥mn, %)

	Q3 FY8/14		Q3 FY8/15			
	Amount	Sales %	Amount	Sales %	Change	y-o-y
Sales	13,083	100.0	12,524	100.0	-559	-4.3
Gross profit	6,122	46.8	5,852	46.7	-269	-4.4
SG&A costs	1,981	15.1	2,015	16.1	33	1.7
Operating profit	4,140	31.6	3,837	30.6	-302	-7.3
Recurring profit	4,241	32.4	4,104	32.8	-136	-3.2
Net profit	2,694	20.6	2,580	20.6	-113	-4.2

Sales were down 4.3% y-o-y, but the effects of the revisions to the medical treatment fees in the spring of 2014 and to the nursing care fees in the spring 2015 have not yet appeared, so it is difficult to image that the market structure and market environment are changing greatly, and these factors are unlikely to be behind the decline in sales. The main factor behind the decline in sales was that some of the renewals of lease contracts for large hospitals were pushed forward to Q2 while some have been postponed to Q4. However, these changes are leveled out across the full fiscal year so are not a cause for concern, and the Company has not revised its full-year forecasts described below. One more factor behind the decline is the trend in small contracts for medical facilities and clinics operated by individuals, which account for 30% of sales. There had been an increase in sales for these small contracts in the form of last-minute demand up to March of last year, which was immediately prior to the hike in the consumption tax rate. But subsequently sales declined and it seems that this effect is still exerting downward pressure on sales. However, this is also a factor that should disappear over time and is not a particular cause for concern for the future.

The gross margin fell from 47.0% in the same period in the previous fiscal year to 46.7%. But as the full-year forecast for the gross margin is 46.0%, this is an acceptable level. The main factors behind the decline in the gross margin were that while costs rose due to the weak yen, the intense fluctuations in the yen spot rate (¥101.79 at the end of May 2014, ¥120.68 at the end of May 2015) have comparatively kept the decline in profitability to a minimum, and also the various other measures to reduce costs seemed to have absorbed the higher costs due to the weak yen.

Selling, general and administrative (SG&A) costs climbed 1.6% y-o-y to ¥2,015mn. The main factor driving this rise was an increase in depreciation costs due to the relocation to a new head office. However, the increase had been factored in initially and the SG&A costs were basically as forecast.

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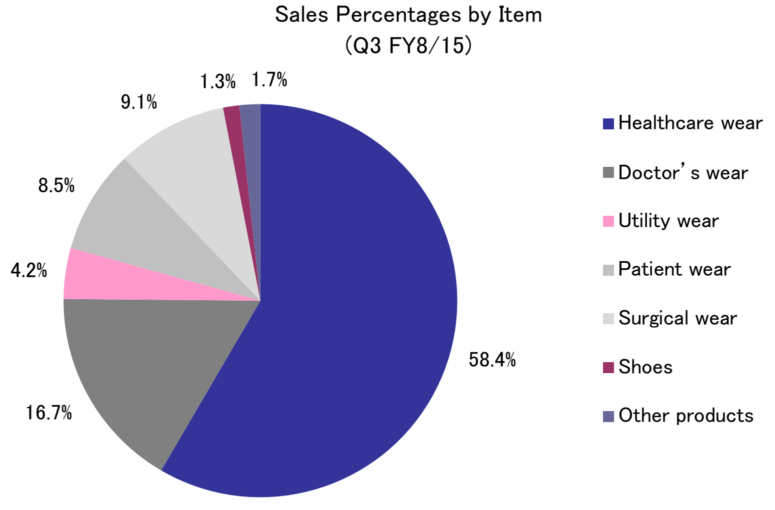
Conversely, recurring profit declined 3.2% y-o-y, and while the extent of the decline was less than that of operating profit, this was mainly due to the increase in non-operating profit, particularly foreign exchange gains. To hedge against the effects of the yen's depreciation on the cost of sales, the Company holds deposits in U.S. dollars. The foreign exchange gain arising from these deposits increased dramatically, from ¥53mn in Q3 FY8/14 to ¥237mn. Meanwhile, in extraordinary profit/loss, the gain on sale of fixed assets of ¥115mn recorded in Q3 FY8/14 (in association with the relocation to the new head office) was not recorded this year. As a result, the rate of decline in net profit was slightly greater than that of recurring profit.

●Sales breakdown by item

(¥mn, %)

	Q3 FY8/14		Q3 FY8/15	
	Amount	y-o-y	Amount	y-o-y
Healthcare wear	7,694	+6.1	7,313	-4.9
Doctor's wear	2,197	+5.4	2,094	-4.7
Utility wear	607	-7.9	525	-13.6
Patient wear	1,031	+10.7	1,070	+3.8
Surgical wear	1,131	+3.8	1,137	+0.5
Shoes	192	-7.0	167	-12.8
Other products	228	+10.9	214	-6.1
Total	13,083	+5.2	12,524	-4.3



In sales by item, healthcare wear amounted to ¥7,313mn, a 4.9% decrease y-o-y; doctor's wear amounted to ¥2,094mn, a 4.7% decrease y-o-y; utility wear amounted to ¥525mn, a 13.6% decrease y-o-y; patient wear amounted to ¥1,070mn, a 3.8% increase y-o-y; surgical wear amounted to ¥1,137mn, a 0.5% increase y-o-y; shoes amounted to ¥167mn, a 12.8% decrease y-o-y; and other products amounted to ¥214mn, a 6.1% decrease y-o-y.

In the mainstay healthcare wear, results were down y-o-y due to the previously described factors, of the changes in renewal demand for some products and the delayed recording of sales. In addition to the same factor of changes in renewal demand, the reason for the decline in sales for doctor's wear were the effects of the high growth rate in the same period in the previous fiscal year, and there are no major changes to market trends. The trend in utility wear of shifting away from individual supply toward shared use of items continued, driving a continued decline in sales. Although the monetary amount is small, patient wear performed strongly due to growing market demand. Surgical wear sales were also steady, driven by market penetration of scrub wear and compel packs.

Note: "Sales conditions by region" and "Sales conditions by product" are not disclosed for Q3.

●Financial position

The Company's financial status has remained stable. Total assets at the end of Q3 FY8/15 amounted to ¥38,278mn, a decrease of ¥871mn compared to the previous year-end. Total current assets amounted to ¥28,778mn, a decrease of ¥811mn, primarily reflecting a decrease of ¥3,130mn in cash and deposits and an increase of ¥1,911mn in notes and accounts receivable. Fixed assets amounted to ¥9,500mn, a decrease of ¥60mn.

Total liabilities amounted to ¥4,020mn, a decrease of ¥447mn compared to the previous year. Its primary causes include a decrease of ¥553mn in corporate tax payable. Net assets amounted to ¥34,258mn, a decrease of ¥423mn compared to the previous fiscal year-end. This was mainly because an increase of ¥ 825mn in retained earnings due to the recording of quarterly net profit was exceeded by a decrease of ¥1,500mn due to acquisition of treasury stock. As a result of these factors, the shareholders' equity ratio was 89.5%, increasing from 88.6% at the previous year-end.

Consolidated Balance Sheet

(¥mn)

	End FY8/14	End Q3 FY8/15	Change
Cash and deposits	19,054	15,924	-3,130
Notes and accounts receivable	4,696	6,607	1,911
Securities	1,516	1,517	0
Inventories	3,835	3,996	160
Current assets	29,589	28,778	-811
Buildings and other structures	2,570	2,486	-83
Land	4,480	4,480	0
Investment and other assets	1,651	1,725	73
Fixed assets	9,560	9,500	-60
Total assets	39,150	38,278	-871
Bills and accounts payable	1,517	1,457	-60
Corporate tax payable	1,333	780	-553
Total liabilities	4,468	4,020	-447
Retained earnings	33,569	34,395	825
Treasury stock	-3,402	-4,902	-1,500
Net assets	34,681	34,258	-423
Total liabilities and net assets	39,150	38,278	-871

If the yen continues to trend at its current rate, recurring profit is highly likely to increase

(2) FY8/15 business results forecast

FY8/15 Consolidated Business Results Forecast

(¥mn, %)

	FY8/14		FY8/15E			
	Amount	Sales %	Amount	Sales %	Change	y-o-y
Sales	16,214	100.0	16,700	100.0	486	3.0
Gross profit	7,585	46.8	7,682	46.0	97	1.3
SG&A costs	2,662	16.4	2,751	16.5	89	3.3
Operating profit	4,923	30.4	4,931	29.5	8	0.2
Recurring profit	5,142	31.7	5,088	30.5	-54	-1.1
Net profit	3,224	19.9	3,187	19.1	-37	-1.1

For the full-year business results for FY8/15, the Company expects to achieve ¥16,700mn in sales, a 3% increase y-o-y; ¥4,931mn in operating profit, a 0.2% increase y-o-y; ¥5,088mn in recurring profit, a 1.1 % decrease y-o-y; and ¥3,187mn in net profit, a 1.1% decrease y-o-y. There has been no change to the revised forecasts announced with the interim results

Sales are forecast to increase due to factors including the sales of mainstay healthcare wear and doctor's wear incorporating the delayed renewal demand for large scale contracts, the launch of high value-added products, and in addition the steady growth in sales of patient ware and surgical ware. Further, the Company continues to focus on raising its market share in central Japan and western Japan, and it is targeting increases in sales and profit (operating profit) for the full fiscal year. Recurring profit is forecast to decline as a foreign exchange gain is not expected to be recorded. But if the yen rate continues to trend around its current level, it is highly likely that recurring profit will increase.

Factors affecting full-year gross profit y-o-y are expected to be increases of ¥223mn from higher sales and ¥53mn from the further expansion in the percentage of production conducted overseas (forecast to increase from 43.1% in FY8/14 to 44.4% by FY8/15 year-end) and decreases of ¥58mn due to increased material and processing costs and ¥89mn due to exchange rate effects (with the yen depreciating from an actual average rate of ¥88.1 to the US dollar in FY8/14 to a projected average rate of ¥93.3 for FY8/15). As a result, gross profit in this fiscal period is forecast to be ¥7,682 mn (up ¥96mn, or 1.3%, y-o-y) and the gross margin to be 46.0% (down from 46.8% in the previous fiscal year).

While there is a concern over cost increases due to the weak yen, it is unlikely that negative effects will emerge all at once since the Company has entered into foreign exchange forward contracts and so forth. However, while on the one hand the effects of the weak yen are actually starting to gradually appear, on the other hand the Company plans to absorb some of the higher costs through transferring to the new plant, as described below, and the effects of this are also starting to appear. A number of general uniform manufacturers have already raised the prices of their products, but the Company has not; therefore there is still room to improve the sales cost ratio by raising prices in the worst case scenario.

SG&A costs are forecast to be ¥2,751mn (a 3.3% increase y-o-y), reflecting an expected increase in depreciation costs of ¥35mn associated with the new company headquarters and ¥30mn for costs related to the Company's 100th anniversary. The y-o-y decrease in recurring profit assumes that the foreign exchange gains (¥87mn) and the gain on securities sold (¥67mn) recorded in non-operating profit in FY8/14 will decline. However, if the yen weakens further by the end of FY8/15 compared to FY8/14, it is possible that the decline in profits will be less than anticipated, and depending on circumstances, recurring profit may actually increase y-o-y. Furthermore, since the extraordinary profit that was recorded in FY8/14 (the ¥115mn profit on the sale of the old headquarters) will not occur in FY8/15, and revisions to the tax system are expected to increase the amount of corporate tax payable, net profit is forecast to decline y-o-y, but may increase depending on the level of recurring profit.

■ Mid-term Management Plan and Outlook

Mid-term targets look conservative and very achievable

(1) Mid-term Management Plan

The Company had set sales of ¥16,800mn and operating profit of ¥5,100mn as the targets for FY8/16 in its Mid-Term Management Plan. But given the strong possibility of it meeting these targets in FY8/15, it has released new targets for the Mid-Term Management Plan for FY8/17, with sales of ¥17,500mn and operating profit of ¥5,300mn. It plans to develop its business by implementing the policies described below, but considering its business environment, these targets can be considered fairly conservative and are very achievable.

The operating environment is currently favorable

(2) Future business strategies

The operating environment surrounding the Company should be favorable for some time. According to the material released by the Ministry of Health, Labour and Welfare, the number of nurses in Japan is projected to increase from 1.54 million in 2012 to a maximum of 2.06 million in 2025. Moreover, the number of care workers is projected to increase from 1.49 million in 2012 to 2.49 million in 2025. In this operating environment, the Company plans to achieve its Mid-Term Management Plan based on the following strategies.

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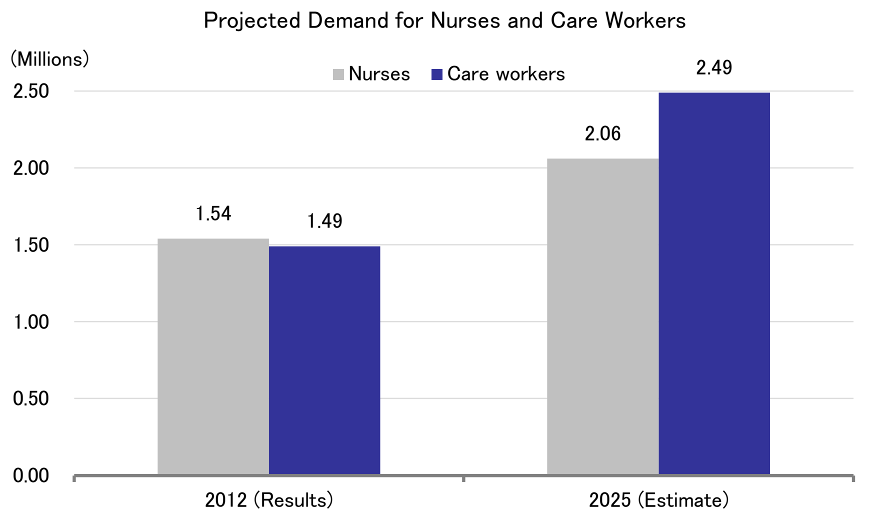
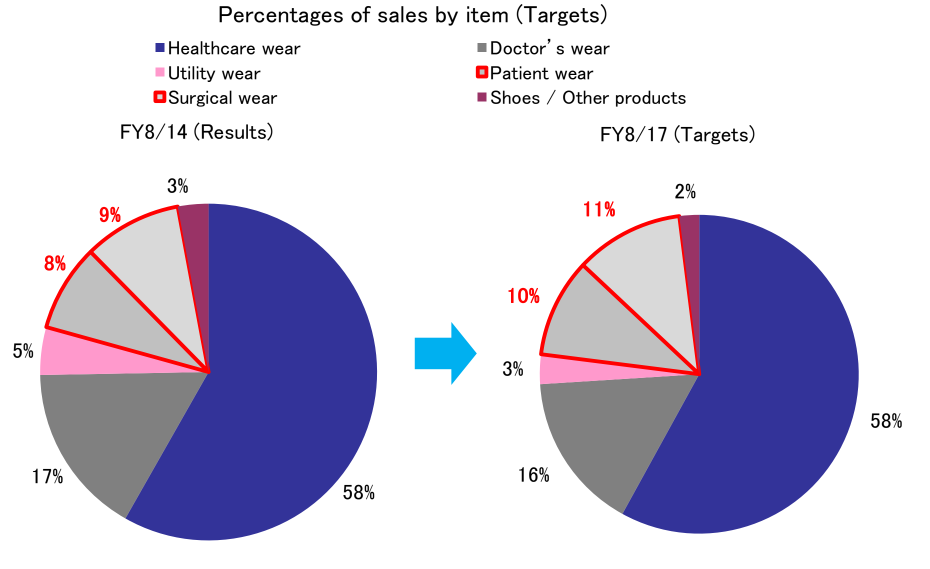


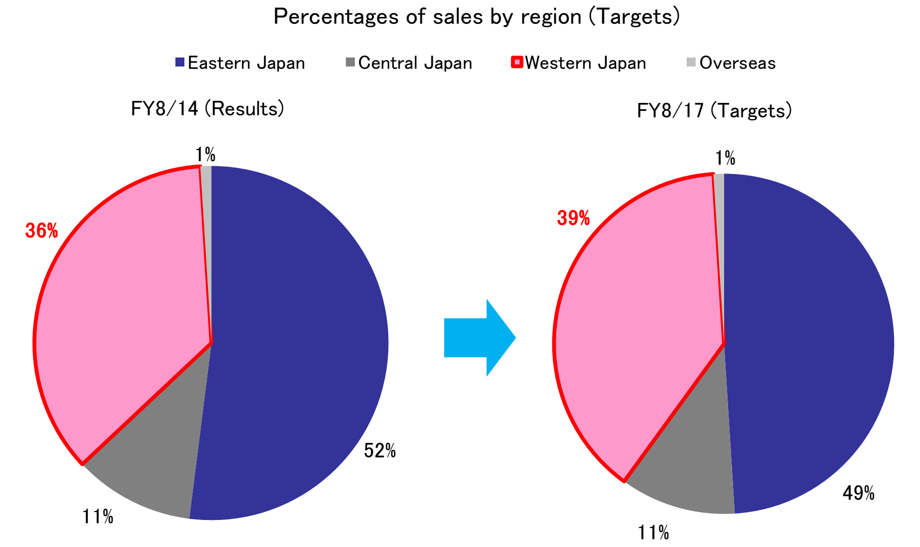
●Expansion in patient, surgical & other peripheral market

In its mainstay healthcare wear, the Company already maintains a high market share and can expect stable renewal demand. On the other hand, the peripheral market for patient wear and surgical wear and others still has development potential. The Company plans to focus on expanding the peripheral market by launching new products.



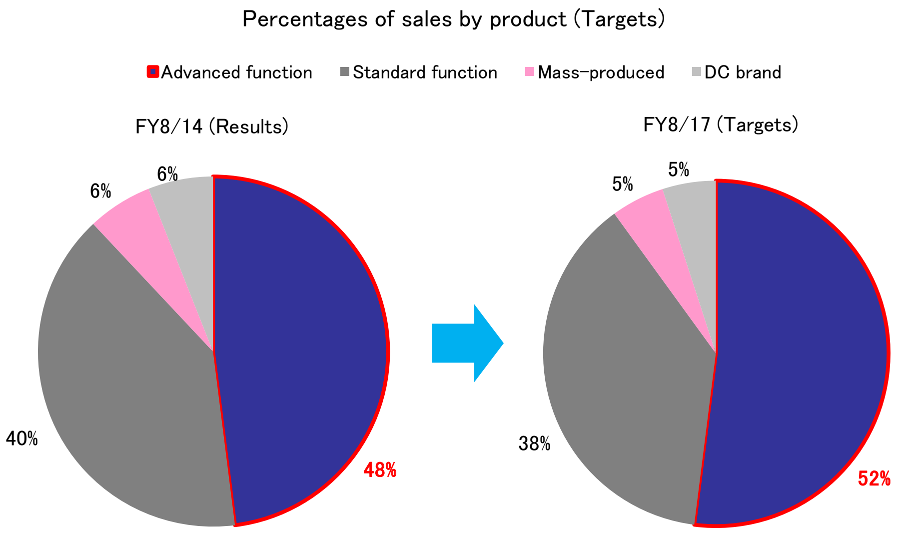
●Increase market share in western Japan

By region, the Company maintains a high market share in eastern Japan, but in central Japan and western Japan, it has relatively low market shares. In other words, these regions have potential for further market share growth. To expand its market share, the Company will not only conduct an aggressive sales campaign, but will actively launch advanced-function products and new products.



●Development and sales of advanced-function product

The Company is actively developing products with even greater functionality and added value to deliver added value to markets where it is already strong, and to serve as tools for its marketing strategy in markets where it seeks to increase its market share. To that end, its strategy is to collaborate more closely with material manufacturers and trading companies while further refining its Quick Response (QR) production system to raise customer satisfaction.



●Improving gross margin

In the last 20 years, the Company's profit margin has improved approximately 12 percentage points (from around 35% to 47%). In the future, although improving profitability at the same pace as before will not be easy, the Company aims to make further improvements mainly through the following measures.

The first is to increase overseas production. Currently, the Company's ratio of overseas production is still around 45.2%, which is low when compared to other apparel manufacturers. In other words, there is considerable room to further increase the overseas production ratio with potential for improving profitability from expansion of overseas production. However, the Company's policy is not to shift domestic production all at once to overseas, but rather to produce the portion of increased sales overseas while maintaining domestic production volumes. In February 2014, a new factory, which had been under construction in Java in central Indonesia, began operation, and it is expected that by the end of 2015, the transfer of existing production from Jakarta will have been completed.

The second measure to improve profitability is the development of high value-added products. If the percentage of sales of products with high profit margins, such as advanced-function products, increases, the overall gross margin will also improve. Furthermore, while there have been no official announcements, the Company continues to develop new markets, and its plans for new markets (new products) should also contribute to improving its gross margins in the future.

The yen's depreciation is also a major factor weighing down profitability. As a countermeasure to this, the Company's policy is to make active use of futures contracts to level out the effects of exchange rate fluctuations, while using U.S. dollar deposits to hedge against the fluctuations as much as possible.

Shareholder Return Policy

Actively and comprehensively returning profits to shareholders, including through share buy-backs

The Company's shareholders' equity ratio has reached 89.5% (Q3 FY8/15) and it is financially stable. Additionally, considering the Company's business conditions, it seems highly unlikely that those profits will rapidly deteriorate, so continued stable earnings are expected. As a result, as its distribution of earnings outside the Company (particularly dividend payments) is low and profits will accumulate in shareholders' equity each year, return on equity (ROE) will decline, which is to say, capital efficiency will decline. But in addition to paying dividends commensurate with the growth in profits, the Company actively and comprehensively returns profits to shareholders, including through share buy-backs, and as a result has maintained a high ROE (9.5% in FY8/14)

In addition to the share buy-back of 1 million shares (¥1,500mn) already implemented in the current fiscal year through a TOB, the Company has announced it will pay a dividend of ¥50 to commemorate its 100th anniversary. As this will be combined with the normal annual dividend of ¥50, the full year dividend is forecast to be ¥100, which will likely give a dividend payout ratio of 107.9% (nonconsolidated basis) against the expected net profit. Even when taking into account the commemorative dividend, this percentage is a remarkably high compared to those of other listed companies. This demonstrates that the Company is extremely aware of returning profits to shareholders and maintaining capital efficiency, and it can be highly evaluated on these points.

Dividend Payout Ratio and Total Return Ratio

	Total dividend (¥mn)	Share buyback (¥mn)	Dividend ratio* (%)	Total return ratio* (%)
FY8/01	475	0	27.4	27.4
FY8/02	475	0	29.3	29.3
FY8/03	530	1,697	29.7	124.6
FY8/04	744	0	36.5	36.5
FY8/05	1,117	0	56.9	56.9
FY8/06	1,117	0	53.4	53.4
FY8/07	1,117	0	53.1	53.1
FY8/08	1,083	1,077	56.6	111.2
FY8/09	1,040	1,220	57.3	122.2
FY8/10	1,127	0	51.4	51.4
FY8/11	1,205	226	52.0	61.7
FY8/12	1,205	0	55.1	55.1
FY8/13	1,541	229	51.3	58.7
FY8/14	1,712	0	54.4	54.4

* Nonconsolidated basis

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