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On July 20, 2021, Alinco Incorporated announced consolidated results for Q1 FY03/22.

Cumulative (JPYmn)	FY03 / 20				FY03 / 21				FY03 / 22	FY03 / 22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	1H Est.
Revenue	13,681	28,399	42,735	55,613	12,108	25,203	39,950	53,342	12,935	47.4%	27,290
YoY	6.9%	8.4%	5.3%	3.3%	-11.5%	-11.3%	-6.5%	-4.1%	6.8%		8.3%
Gross profit	3,807	8,007	12,127	15,385	3,617	7,295	11,491	15,030	3,602		
YoY	6.4%	12.3%	9.4%	6.7%	-5.0%	-8.9%	-5.2%	-2.3%	-0.4%		
Gross profit margin	27.8%	28.2%	28.4%	27.7%	29.9%	28.9%	28.8%	28.2%	27.8%		
SG&A expenses	2,999	5,987	9,034	12,046	3,098	6,319	9,447	12,475	3,112		
YoY	5.0%	3.9%	4.1%	4.8%	3.3%	5.6%	4.6%	3.6%	0.4%		
SG&A ratio	21.9%	21.1%	21.1%	21.7%	25.6%	25.1%	23.6%	23.4%	24.1%		
Operating profit	807	2,020	3,094	3,339	519	976	2,044	2,555	490	35.0%	1,400
YoY	12.2%	47.8%	28.4%	14.3%	-35.7%	-51.7%	-33.9%	-23.5%	-5.6%		43.5%
Operating profit margin	5.9%	7.1%	7.2%	6.0%	4.3%	3.9%	5.1%	4.8%	3.8%		5.1%
Recurring profit	840	2,152	3,357	3,461	739	1,124	2,277	2,874	675	45.3%	1,490
YoY	4.2%	29.7%	18.0%	4.7%	-12.0%	-47.8%	-32.2%	-17.0%	-8.7%		32.5%
Recurring profit margin	6.1%	7.6%	7.9%	6.2%	6.1%	4.5%	5.7%	5.4%	5.2%		5.5%
Net income	478	1,303	2,303	2,155	373	603	1,363	1,665	462	45.8%	1,010
YoY	4.5%	31.2%	32.1%	14.0%	-21.9%	-53.8%	-40.8%	-22.8%	23.8%		67.6%
Net margin	3.5%	4.6%	5.4%	3.9%	3.1%	2.4%	3.4%	3.1%	3.6%		3.7%
Quarterly (JPYmn)	FY03 / 20				FY03 / 21				FY03 / 22		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1		
Revenue	13,681	14,718	14,335	12,879	12,108	13,094	14,748	13,391	12,935		
YoY	6.9%	9.9%	-0.5%	-2.9%	-11.5%	-11.0%	2.9%	4.0%	6.8%		
Gross profit	3,807	4,200	4,120	3,258	3,617	3,678	4,196	3,539	3,602		
YoY	6.4%	18.2%	4.1%	-2.0%	-5.0%	-12.4%	1.8%	8.6%	-0.4%		
Gross profit margin	27.8%	28.5%	28.7%	25.3%	29.9%	28.1%	28.5%	26.4%	27.8%		
SG&A expenses	2,999	2,987	3,047	3,012	3,098	3,221	3,128	3,028	3,112		
YoY	5.0%	2.8%	4.5%	7.2%	3.3%	7.8%	2.6%	0.5%	0.4%		
SG&A ratio	21.9%	20.3%	21.3%	23.4%	25.6%	24.6%	21.2%	22.6%	24.1%		
Operating profit	807	1,213	1,073	245	519	457	1,069	511	490		
YoY	12.2%	87.4%	3.1%	-52.1%	-35.7%	-62.3%	-0.4%	108.2%	-5.6%		
Operating profit margin	5.9%	8.2%	7.5%	1.9%	4.3%	3.5%	7.2%	3.8%	3.8%		
Recurring profit	840	1,312	1,206	104	739	385	1,153	597	675		
YoY	4.2%	53.8%	1.8%	-77.6%	-12.0%	-70.6%	-4.4%	475.4%	-8.7%		
Recurring profit margin	6.1%	8.9%	8.4%	0.8%	6.1%	2.9%	7.8%	4.5%	5.2%		
Net income	478	825	1,000	-148	373	229	760	302	462		
YoY	4.5%	54.0%	33.2%	-	-21.9%	-72.2%	-23.9%	-	23.8%		
Net margin	3.5%	5.6%	7.0%	-	3.1%	1.8%	5.2%	2.3%	3.6%		

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

By segment (cumulative) (JPYmn)	FY03/20				FY03/21				FY03/22	FY03/22	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Revenue	13,681	28,399	42,735	55,613	12,108	25,203	39,950	53,342	12,935	23.1%	56,030
YoY	6.9%	8.4%	5.3%	3.3%	-11.5%	-11.3%	-6.5%	-4.1%	6.8%		5.0%
Construction Materials	5,058	10,387	15,262	20,051	3,666	7,668	12,419	17,400	4,720	25.1%	18,800
YoY	14.1%	11.3%	6.6%	3.7%	-27.5%	-26.2%	-18.6%	-13.2%	28.7%		8.0%
% of total revenue	37.0%	36.6%	35.7%	36.1%	30.3%	30.4%	31.1%	32.6%	36.5%		33.6%
Scaffolding Material Rental	4,127	8,780	13,332	17,193	3,729	7,408	11,671	15,265	3,785	22.8%	16,610
YoY	-3.9%	2.6%	0.9%	0.1%	-9.6%	-15.6%	-12.5%	-11.2%	1.5%		8.8%
% of total revenue	30.2%	30.9%	31.2%	30.9%	30.8%	29.4%	29.2%	28.6%	29.3%		29.6%
Home Equipment	3,675	7,543	11,601	14,911	4,052	8,446	13,105	16,925	3,546	21.6%	16,450
YoY	13.8%	13.1%	9.3%	5.7%	10.3%	12.0%	13.0%	13.5%	-12.5%		-2.8%
% of total revenue	26.9%	26.6%	27.1%	26.8%	33.5%	33.5%	32.8%	31.7%	27.4%		29.4%
Electronic Equipment	822	1,690	2,539	3,459	662	1,680	2,755	3,751	884	21.2%	4,170
YoY	-3.0%	3.2%	2.9%	6.5%	-19.5%	-0.6%	8.5%	8.5%	33.7%		11.2%
% of total revenue	6.0%	5.9%	5.9%	6.2%	5.5%	6.7%	6.9%	7.0%	6.8%		7.4%
Recurring profit	840	2,152	3,357	3,461	739	1,124	2,277	2,874	675	21.9%	3,080
YoY	4.2%	29.7%	18.0%	4.7%	-12.0%	-47.8%	-32.2%	-17.0%	-8.7%		7.2%
Recurring profit margin	6.1%	7.6%	7.9%	6.2%	6.1%	4.5%	5.7%	5.4%	5.2%		5.5%
Construction Materials	651	1,350	1,976	2,464	247	346	860	1,411	375	23.4%	1,602
YoY	25.1%	17.6%	11.3%	1.6%	-62.1%	-74.3%	-56.5%	-42.7%	52.1%		13.6%
Recurring profit margin	16.6%	20.7%	22.0%	17.3%	20.1%	14.7%	18.3%	16.5%	14.3%		16.4%
% of total recurring profit	80.0%	67.2%	63.7%	73.0%	43.9%	34.5%	42.0%	55.3%	67.9%		53.6%
Scaffolding Material Rental	138	500	755	556	128	112	307	56	127	27.2%	468
YoY	8.1%	187.3%	67.4%	78.8%	-7.2%	-77.7%	-59.3%	-89.9%	-0.8%		733.6%
Recurring profit margin	3.4%	5.7%	5.7%	3.2%	3.4%	1.5%	2.6%	0.4%	3.4%		2.8%
% of total recurring profit	17.0%	24.9%	24.3%	16.5%	22.9%	11.1%	15.0%	2.2%	23.1%		15.6%
Home Equipment	64	188	390	354	228	561	866	1,030	15	2.0%	731
YoY	-37.8%	18.8%	-8.5%	-31.2%	258.5%	197.8%	122.1%	190.7%	-93.6%		-29.0%
Recurring profit margin	1.7%	2.5%	3.4%	2.4%	5.6%	6.6%	6.6%	6.1%	0.4%		4.4%
% of total recurring profit	7.8%	9.4%	12.6%	10.5%	40.6%	55.8%	42.3%	40.4%	2.6%		24.4%
Electronic Equipment	-39	-29	-18	0	-41	-14	14	54	35	18.5%	190
YoY	-	-	-	-	-	-	-	-	-		253.0%
Recurring profit margin	-4.8%	-1.7%	-0.7%	0.0%	-6.2%	-0.8%	0.5%	1.4%	4.0%		4.6%
% of total recurring profit	-4.8%	-1.4%	-0.6%	0.0%	-7.3%	-1.4%	0.7%	2.1%	6.4%		6.4%
Company-wide, eliminations	26	141	255	88	177	119	230	324	122		90

By segment (quarterly) (JPYmn)	FY03/20				FY03/21				FY03/22
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Revenue	13,681	14,718	14,335	12,879	12,108	13,094	14,748	13,391	12,935
YoY	6.9%	9.9%	-0.5%	-2.9%	-11.5%	-11.0%	2.9%	4.0%	6.8%
Construction Materials	5,058	5,328	4,876	4,789	3,666	4,002	4,751	4,981	4,720
YoY	14.1%	8.7%	-2.2%	-4.5%	-27.5%	-24.9%	-2.6%	4.0%	28.7%
% of total revenue	37.0%	36.2%	34.0%	37.2%	30.3%	30.6%	32.2%	37.2%	36.5%
Scaffolding Material Rental	4,127	4,653	4,552	3,861	3,729	3,679	4,262	3,595	3,785
YoY	-3.9%	9.2%	-2.4%	-2.4%	-9.6%	-20.9%	-6.4%	-6.9%	1.5%
% of total revenue	30.2%	31.6%	31.8%	30.0%	30.8%	28.1%	28.9%	26.8%	29.3%
Home Equipment	3,675	3,869	4,058	3,310	4,052	4,395	4,659	3,820	3,546
YoY	13.8%	12.4%	2.8%	-5.3%	10.3%	13.6%	14.8%	15.4%	-12.5%
% of total revenue	26.9%	26.3%	28.3%	25.7%	33.5%	33.6%	31.6%	28.5%	27.4%
Electronic Equipment	822	868	850	919	662	1,018	1,076	996	884
YoY	-3.0%	9.8%	2.4%	18.1%	-19.5%	17.3%	26.6%	8.3%	33.7%
% of total revenue	6.0%	5.9%	5.9%	7.1%	5.5%	7.8%	7.3%	7.4%	6.8%
Recurring profit	840	1,312	1,206	104	739	385	1,153	597	675
YoY	4.2%	53.8%	1.8%	-77.6%	-12.0%	-70.6%	-4.4%	475.4%	-8.7%
Recurring profit margin	6.1%	8.9%	8.4%	0.8%	6.1%	2.9%	7.8%	4.5%	5.2%
Construction Materials	651	699	626	488	247	100	514	551	375
YoY	25.1%	11.3%	-0.1%	-24.9%	-62.1%	-85.7%	-17.9%	12.9%	52.1%
Recurring profit margin	12.9%	13.1%	12.8%	10.2%	6.7%	2.5%	10.8%	11.1%	7.9%
% of total recurring profit	80.0%	58.4%	57.3%	179.8%	43.9%	22.5%	49.3%	109.3%	67.9%
Scaffolding Material Rental	138	362	255	-199	128	-17	195	-251	127
YoY	8.1%	685.2%	-8.0%	-	-7.2%	-	-23.3%	-	-0.8%
Recurring profit margin	3.4%	7.8%	5.6%	-5.2%	3.4%	-0.5%	4.6%	-7.0%	3.4%
% of total recurring profit	17.0%	30.3%	23.3%	-73.4%	22.9%	-3.8%	18.8%	-49.8%	23.1%
Home Equipment	64	125	201	-35	228	333	305	164	15
YoY	-37.8%	121.3%	-24.7%	-	258.5%	167.0%	51.3%	-	-93.6%
Recurring profit margin	1.7%	3.2%	5.0%	-1.1%	5.6%	7.6%	6.5%	4.3%	0.4%
% of total recurring profit	7.8%	10.4%	18.4%	-13.1%	40.6%	75.1%	29.2%	32.6%	2.6%
Electronic Equipment	-39	11	11	18	-41	27	28	40	35
YoY	-	-	-	-	-	159.6%	161.1%	121.7%	-
Recurring profit margin	-4.8%	1.2%	1.2%	2.0%	-6.2%	2.7%	2.6%	4.0%	4.0%
% of total recurring profit	-4.8%	0.9%	1.0%	6.7%	-7.3%	6.2%	2.6%	8.0%	6.4%
Company-wide, eliminations	26	115	114	-167	177	-58	111	93	122

Source: Shared Research based on company data

Notes: Figures may differ from company materials due to differences in rounding methods.

Consolidated results for Q1 FY03/22 (out July 20, 2021)

Overview

- ▷ Revenue: JPY12.9bn (+6.8% YoY)
- ▷ Operating profit: JPY490mn (-5.6% YoY)
- ▷ Recurring profit: JPY675mn (-8.7% YoY)
- ▷ Net income*: JPY462mn (+23.8% YoY)

*Net income attributable to owners of the parent

The company made no changes to either its 1H or full-year results estimates at the time of its Q1 results announcement.

Key Takeaways

Q1 consolidated revenue of JPY12.9bn was up 6.8% YoY. The gains being driven in large part by the ongoing rebound in demand from its mainstay customers in the construction and housing industries, as new floor space under construction still on the rise from depressed levels at this time last year. In its mainstay scaffolding equipment business, sales ran ahead of year-ago levels thanks to strong sales of its leading product, Albatross, a new type of scaffolding system. In the Home Equipment business, sales of home fitness equipment which had been robust in FY03/21 ran its course, but this was offset by higher sales in the core businesses.

Q1 recurring profit of JPY675mn was down 8.7% YoY, due to higher international commodity prices (steel prices), higher purchase prices from overseas (raw material prices and transportation costs) and the impact of lower sales at its Home Equipment business.

Q1 net income of JPY462mn was up 23.8% YoY. The company posted an extraordinary gain of JPY60mn from the sale of some of its cross-shareholdings, and a loss of JPY7mn on the disposal of tangible fixed assets.

Versus plan

Q1 results left the company with 47.4% of its 1H target for revenue (versus 48.0% at this time last year), 35.0% of its 1H target for operating profit (versus 53.2%), 45.3% of its 1H target for recurring profit (versus 65.7%), and 45.8% of its 1H target for net income (versus 62.0% at this time last year).

As for the progress rate against the company's full year forecast in Q1, revenue and recurring profit were 23.1% and 21.9%, respectively, compared to 22.7% and 26.2% in Q1 FY03/21.

Breakdown of results by segment

Construction Materials segment

- ▷ Revenue: JPY4.7bn (+28.7% YoY)
- ▷ Segment profit: JPY375mn (+52.1% YoY)

Q1 segment revenue of JPY4.7bn were up 28.7% YoY, leaving the segment with 25.1% of its full-year target versus 21.1% at this time last year. Sales of scaffolding equipment used in construction site were up 121.6% YoY. Sales to new customers and additional purchases from existing customers rose, as the new scaffolding system, Albatross, was adopted by a leading construction company. The company expects further sales growth in Q2 and beyond. Sales of racks for distribution warehouses also remained strong.

Underpinned by the rise revenues, Q1 segment profit (recurring profit), jumped 52.1% YoY to JPY375mn. This left the segment with 23.4% of its full-year target for segment profit versus only 17.5% at this time last year.

Rental segment

- ▷ Revenue: JPY3.8bn (+1.5% YoY)
- ▷ Segment profit: JPY127mn (-0.8% YoY)

Q1 segment sales of JPY3.8bn were up 1.5% YoY, leaving the segment with 22.8% of its full-year target versus 24.4% at this time last year. The higher utilization rates for its scaffolding systems for medium- and high-rise building construction contributed to the increase in sales. The demand for scaffolding rental equipment used at Olympics-related event recovered, which had been depressed due to the impact of COVID-19.

Q1 segment profit (recurring profit) of JPY127mn was down 0.8% YoY, leaving the segment with 27.2% of its full-year target for segment profit versus 228.7% at this time last year.

Home Equipment segment

- ▷ Revenue: JPY3.5bn (-12.5% YoY)
- ▷ Segment profit: JPY15mn (-93.6% YoY)

Q1 segment revenue of JPY3.5bn were down 12.5% YoY, leaving the segment with 21.6% of its full-year target versus 23.9% at this time last year. In the fitness equipment business, sales were down from a prior year when robust sales were driven by stay-at-home demand. Although sales of products including aluminum ladders and stepladders were strong, it was not enough to offset the sales decline of the fitness equipment.

Q1 segment profit (recurring profit) of JPY15mn was down 93.6% YoY, leaving the segment with only 2.0% of its full-year target versus 21.1% at this time last year. The main reasons for the profit decline were lower sales and higher purchasing costs from overseas due to higher raw material and transportation costs.

Electronic Equipment segment

- ▷ Revenue: JPY884mn (+33.7% YoY)
- ▷ Segment profit: JPY35mn (versus loss of JPY41mn in Q1 FY03/21))

Q1 segment revenue of JPY884mn were up 33.7% YoY, leaving the segment with 21.2% of its full-year target versus 17.6% in FY03/21. Among commercial transceivers and radio communication equipment products, sales of three-way communications and wireless type transceivers were particularly strong. The company was able to minimize the impact on its supply and demand for electronic components, particularly semiconductors.

Q1 segment profit (recurring profit) of JPY35mn left the segment with 18.5% of its full-year target; this compares with a loss of JPY41mn in Q1 FY03/21.

This note is the most recent addition to the [full report](#).

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