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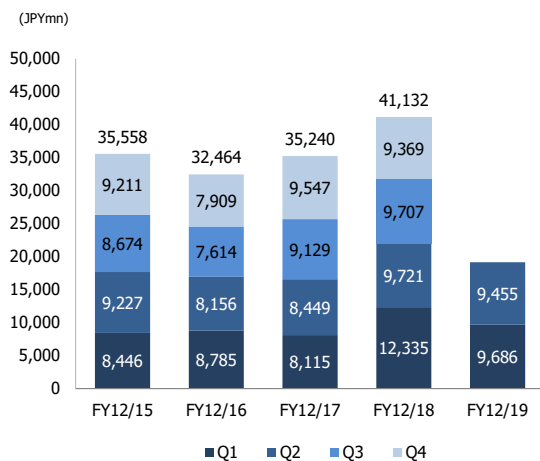
On **August 7, 2019**, Toyo Tanso Co., Ltd. announced earnings results for 1H FY12/19.

Cumulative (JPY mn)	FY12/16				FY12/17				FY12/18				FY12/19		FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	% of FY	FY Est.
Sales	8,785	16,941	24,555	32,464	8,115	16,564	25,693	35,240	12,335	22,056	31,763	41,132	9,686	19,141	51.7%	37,000
YoY	4.0%	-4.1%	-6.8%	-8.7%	-7.6%	-2.2%	4.6%	8.6%	52.0%	33.2%	23.6%	16.7%	-21.5%	-13.2%		-10.0%
Gross profit	2,362	4,274	6,065	7,573	2,131	4,535	7,293	10,296	4,107	7,545	10,959	13,960	3,469	6,632		
YoY	15.8%	3.8%	-4.0%	-8.6%	-9.8%	6.1%	20.2%	36.0%	92.7%	66.4%	50.3%	35.6%	-15.5%	-12.1%		
GPM	26.9%	25.2%	24.7%	23.3%	26.3%	27.4%	28.4%	29.2%	33.3%	34.2%	34.5%	33.9%	35.8%	34.6%		
SG&A expenses	2,037	3,761	5,343	6,921	1,681	3,209	4,806	6,588	1,608	3,365	4,976	6,951	1,711	3,474		
YoY	14.2%	-0.1%	-5.7%	-7.6%	-17.5%	-14.7%	-10.1%	-4.8%	-4.3%	4.9%	3.5%	5.5%	6.4%	3.2%		
SG&A ratio	23.2%	22.2%	21.8%	21.3%	20.7%	19.4%	18.7%	18.7%	13.0%	15.3%	15.7%	16.9%	17.7%	18.1%		
Operating profit	325	513	721	652	450	1,326	2,487	3,708	2,498	4,179	5,983	7,009	1,758	3,158	54.4%	5,800
YoY	27.5%	45.3%	10.6%	-17.5%	38.5%	158.5%	244.9%	468.7%	455.1%	215.2%	140.6%	89.0%	-29.6%	-24.4%		-17.2%
OPM	3.7%	3.0%	2.9%	2.0%	5.5%	8.0%	9.7%	10.5%	20.3%	18.9%	18.8%	17.0%	18.1%	16.5%		15.7%
Recurring profit	230	257	463	759	442	1,130	2,423	3,719	2,334	4,092	6,030	7,057	1,768	3,066	52.9%	5,800
YoY	0.9%	-48.5%	-39.9%	-17.2%	92.2%	339.7%	423.3%	390.0%	428.1%	262.1%	148.9%	89.8%	-24.3%	-25.1%		-17.8%
RPM	2.6%	1.5%	1.9%	2.3%	5.4%	6.8%	9.4%	10.6%	18.9%	18.6%	19.0%	17.2%	18.3%	16.0%		15.7%
Net income	-95	241	207	284	563	1,129	1,979	3,020	1,687	3,055	4,404	4,910	1,352	2,303	57.6%	4,000
YoY	-	-37.7%	-63.0%	-29.4%	-	368.5%	856.0%	963.4%	199.6%	170.6%	122.5%	62.6%	-19.9%	-24.6%		-18.5%
Net margin	-	1.4%	0.8%	0.9%	6.9%	6.8%	7.7%	8.6%	13.7%	13.9%	13.9%	11.9%	14.0%	12.0%		10.8%

Quarterly (JPY mn)	FY12/16				FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	8,785	8,156	7,614	7,909	8,115	8,449	9,129	9,547	12,335	9,721	9,707	9,369	9,686	9,455
YoY	4.0%	-11.6%	-12.2%	-14.1%	-7.6%	3.6%	19.9%	20.7%	52.0%	15.1%	6.3%	-1.9%	-21.5%	-2.7%
Gross profit	2,362	1,912	1,791	1,508	2,131	2,404	2,758	3,003	4,107	3,438	3,414	3,001	3,469	3,163
YoY	15.8%	-8.0%	-18.6%	-23.3%	-9.8%	25.7%	54.0%	99.1%	92.7%	43.0%	23.8%	-0.1%	-15.5%	-8.0%
GPM	26.9%	23.4%	23.5%	19.1%	26.3%	28.5%	30.2%	31.5%	33.3%	35.4%	35.2%	32.0%	35.8%	33.5%
SG&A expenses	2,037	1,724	1,582	1,578	1,681	1,528	1,597	1,782	1,608	1,757	1,611	1,975	1,711	1,763
YoY	14.2%	-12.9%	-16.7%	-13.8%	-17.5%	-11.4%	0.9%	12.9%	-4.3%	15.0%	0.9%	10.8%	6.4%	0.3%
SG&A ratio	23.2%	21.1%	20.8%	20.0%	20.7%	18.1%	17.5%	18.7%	13.0%	18.1%	16.6%	21.1%	17.7%	18.6%
Operating profit	325	188	208	-69	450	876	1,161	1,221	2,498	1,681	1,804	1,026	1,758	1,400
YoY	27.5%	91.8%	-30.4%	-	38.5%	366.0%	458.2%	-	455.1%	91.9%	55.4%	-16.0%	-29.6%	-16.7%
OPM	3.7%	2.3%	2.7%	-	5.5%	10.4%	12.7%	12.8%	20.3%	17.3%	18.6%	11.0%	18.1%	14.8%
Recurring profit	230	27	206	296	442	688	1,293	1,296	2,334	1,758	1,938	1,027	1,768	1,298
YoY	0.9%	-90.0%	-24.3%	102.7%	92.2%	2448.1%	527.7%	337.8%	428.1%	155.5%	49.9%	-20.8%	-24.3%	-26.2%
RPM	2.6%	0.3%	2.7%	3.7%	5.4%	8.1%	14.2%	13.6%	18.9%	18.1%	20.0%	11.0%	18.3%	13.7%
Net income	-95	336	-34	77	563	566	850	1,041	1,687	1,368	1,349	506	1,352	951
YoY	-	8.7%	-	-	-	68.5%	-	1251.9%	199.6%	141.7%	58.7%	-51.4%	-19.9%	-30.5%
Net margin	-	4.1%	-	1.0%	6.9%	6.7%	9.3%	10.9%	13.7%	14.1%	13.9%	5.4%	14.0%	10.1%

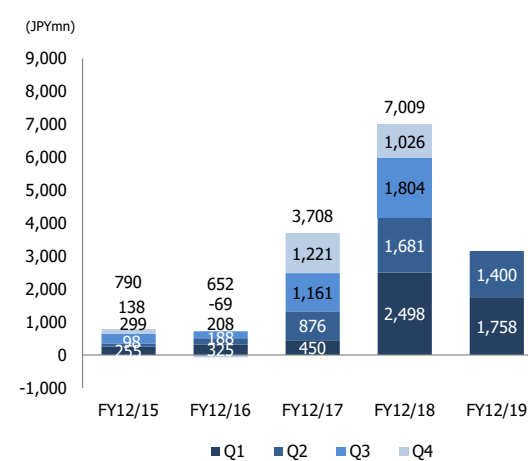
Source: Shared Research based on company data
 Note: Figures may differ from company materials due to differences in rounding methods.

Sales (annual, quarterly)



Source: Shared Research based on company data

Operating profit (annual, quarterly)



Source: Shared Research based on company data

1H FY12/19 results

Results summary

In 1H FY12/19, the company reported sales of JPY19.1bn (-13.2% YoY), operating profit of JPY3.2bn (-24.4% YoY), recurring profit of JPY3.1bn (-25.1% YoY), and net income attributable to owners of the parent of JPY2.3bn (-24.6% YoY).

- ▷ Sales: Excluding the extraordinary factor in the previous year (sales for Chinese high-temperature reactor-pebble-bed modules [HTR-PM], equivalent to 26.0% of FY12/18 sales), sales were largely as expected, supported by demand in the field of electronics such as products used in single crystal silicon manufacturing.
- ▷ Operating profit: Came in above forecasts as the yen was weaker than company's forex assumptions, and fixed costs such as personnel were lower than expected.
- ▷ Revised FY12/19 forecasts. The company revised its full-year forecasts as follows. Sales of JPY37.0bn (JPY40.0bn previously), operating profit JPY5.8bn (JPY5.0bn), recurring profit JPY5.8bn (JPY5.0bn), net income attributable to owners of the parent JPY4.0bn (JPY3.5bn), and EPS JPY190.72 (JPY166.88). Amid concerns of intensifying US-China trade friction and the impact of the export issue between Japan and South Korea, the company expects sales for all applications to decline from overall Q3 onward. Still, it expects to be able to largely meet its 2H operating profit target of JPY2.6bn through stringent cost control.
- ▷ Progress: Progress versus revised FY12/19 full-year forecasts was sales 51.7%, operating profit 54.4%, recurring profit 52.9%, and net income 57.6%.
- ▷ Company forex assumptions for Q3 onward: JPY105/USD, JPY125/EUR, JPY15.5/CNY

Results by product category

Cumulative (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	8,115	16,564	25,693	35,240	12,335	22,056	31,763	41,132	9,685	19,141
YoY	-7.6%	-2.2%	4.6%	8.6%	52.0%	33.2%	23.6%	16.7%	-21.5%	-13.2%
Special Graphite Products	3,655	7,423	11,591	16,093	7,248	11,769	16,233	20,254	4,227	8,527
YoY	-8.5%	-2.7%	5.5%	13.2%	98.3%	58.5%	40.0%	25.9%	-41.7%	-27.5%
% of total sales	45.0%	44.8%	45.1%	45.7%	58.8%	53.4%	51.1%	49.2%	43.6%	44.5%
Electronics	1,301	2,628	4,166	6,052	1,392	3,167	4,754	6,200	1,440	2,980
General industries	1,996	4,079	6,325	8,505	2,232	4,538	6,932	9,093	2,308	4,583
Others	357	714	1,097	1,535	3,624	4,063	4,546	4,959	478	962
General Carbon Products: Mechanical Applications	791	1,613	2,428	3,339	873	1,767	2,650	3,656	960	1,958
YoY	0.0%	3.6%	7.9%	12.6%	10.4%	9.5%	9.1%	9.5%	10.0%	10.8%
% of total sales	9.7%	9.7%	9.5%	9.5%	7.1%	8.0%	8.3%	8.9%	9.9%	10.2%
General Carbon Products: Electrical Applications	1,293	2,614	3,962	5,311	1,292	2,585	3,799	4,991	1,128	2,269
YoY	0.2%	4.1%	4.4%	3.1%	-0.1%	-1.1%	-4.1%	-6.0%	-12.7%	-12.2%
% of total sales	15.9%	15.8%	15.4%	15.1%	10.5%	11.7%	12.0%	12.1%	11.6%	11.9%
Compound Materials and Other Products	2,171	4,380	6,856	9,314	2,384	4,902	7,494	10,075	2,756	5,185
YoY	-11.7%	-7.2%	0.7%	2.1%	9.8%	11.9%	9.3%	8.2%	15.6%	5.8%
% of total sales	26.8%	26.4%	26.7%	26.4%	19.3%	22.2%	23.6%	24.5%	28.5%	27.1%
Three major products	1,897	3,840	6,033	8,179	2,083	4,339	6,545	8,767	2,347	4,388
Other products	274	540	823	1,134	300	562	947	1,307	408	795
Related Goods	202	529	848	1,182	536	1,029	1,580	2,155	614	1,198
YoY	-18.2%	0.8%	20.1%	18.0%	165.3%	94.5%	86.3%	82.3%	14.6%	16.4%
% of total sales	2.5%	3.2%	3.3%	3.4%	4.3%	4.7%	5.0%	5.2%	6.3%	6.3%
Quarterly (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	8,115	8,449	9,128	9,546	12,335	9,720	9,707	9,368	9,686	9,455
YoY	-7.6%	3.6%	19.9%	20.7%	52.0%	15.0%	6.3%	-1.9%	-21.5%	-2.7%
Special Graphite Products	3,655	3,768	4,168	4,499	7,248	4,521	4,464	4,019	4,227	4,300
YoY	-8.5%	3.8%	24.0%	39.3%	98.3%	20.0%	7.1%	-10.7%	-41.7%	-4.9%
% of total sales	45.0%	44.6%	45.7%	47.1%	58.8%	46.5%	46.0%	42.9%	43.6%	45.5%
Electronics	1,301	1,327	1,538	1,884	1,392	1,775	1,587	1,445	1,440	1,540
General industries	1,996	2,083	2,246	2,177	2,232	2,306	2,394	2,160	2,308	2,275
Others	357	357	383	437	3,624	439	483	413	478	484
General Carbon Products: Mechanical Applications	791	822	815	909	873	894	883	1,005	960	998
YoY	0.0%	7.3%	17.4%	27.3%	10.4%	8.8%	8.3%	10.6%	10.0%	11.6%
% of total sales	9.7%	9.7%	8.9%	9.5%	7.1%	9.2%	9.1%	10.7%	9.9%	10.6%
General Carbon Products: Electrical Application	1,293	1,321	1,348	1,348	1,292	1,293	1,214	1,189	1,128	1,141
YoY	0.2%	8.4%	5.0%	-0.7%	-0.1%	-2.1%	-9.9%	-11.8%	-12.7%	-11.8%
% of total sales	15.9%	15.6%	14.8%	14.1%	10.5%	13.3%	12.5%	12.7%	11.6%	12.1%
Compound Materials and Other Products	2,171	2,209	2,476	2,457	2,384	2,518	2,592	2,579	2,756	2,429
YoY	-11.7%	-2.3%	18.4%	6.4%	9.8%	14.0%	4.7%	5.0%	15.6%	-3.5%
% of total sales	26.8%	26.1%	27.1%	25.7%	19.3%	25.9%	26.7%	27.5%	28.5%	25.7%
Three major products	1,897	1,943	2,193	2,145	2,083	2,256	2,206	2,220	2,347	2,041
Other products	274	266	283	311	300	262	385	359	408	387
Related Goods	202	327	319	331	536	493	551	574	614	584
YoY	-18.2%	17.6%	76.2%	11.8%	165.3%	50.8%	72.7%	73.4%	14.6%	18.5%
% of total sales	2.5%	3.9%	3.5%	3.5%	4.3%	5.1%	5.7%	6.1%	6.3%	6.2%

Source: Shared Research based on company data

Despite signs of capex restraint in the semiconductor market, the business environment was characterized by solid demand for products used in wafers. Among transportation machinery-related applications, there was expanding demand for pantograph sliders used in electric trains in Japan and overseas. In the energy-related market, demand for products used in solar cell applications remained lackluster due to the policy change by the Chinese government.

Special graphite products

Sales declined 27.5% YoY to JPY8.5bn.

- ▷ Electronics field: Sales declined YoY. Sales of products for single crystal silicon manufacturing were strong, but products for solar cell applications languished due to the policy shift by the Chinese government.
- ▷ General industrial field: Increased YoY. Continuous casting and electrical discharge machining (EDM) electrode applications were solid, and solid capex in automotive-related industries propelled strong growth in industrial applications.
- ▷ Other: A special factor was the drop-off in sales for Chinese high-temperature reactor pebble-bed-modules (HTR-PM) (equivalent to 26.0% of FY12/18 sales) that was booked in the previous year.

Carbon products for general industries

Sales of carbon products for mechanical applications increased 10.8% YoY to JPY2.0bn and sales of carbon products for electrical applications declined 12.2% YoY to JPY2.3bn.

- ▷ Carbon products for mechanical applications: There was strong demand for mainstay products such as bearings, sealing materials, and pantograph sliders.
- ▷ Carbon products for electrical applications: Demand from power tools and consumer electronics was lackluster.

Compound materials and other products

Sales increased 5.8% YoY to JPY5.2bn.

- ▷ Sales of silicon carbide (SiC) coated graphite products: Rose YoY on strong sales of semiconductor applications despite some deceleration in LED applications.
- ▷ Sales of carbon-carbon (C/C) composite products: Rose YoY on strong performance in semiconductor applications and industrial furnace applications despite slump in solar cell applications.
- ▷ Sales of graphite sheet products: Down YoY, due to lackluster automotive, electronics-related, and metallurgical applications.

Orders and backlog

Cumulative (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Orders	8,161	16,025	24,865	34,277	10,205	19,581	28,224	36,627	8,260	15,912
YoY	4.0%	7.3%	12.7%	17.4%	25.0%	22.2%	13.5%	6.9%	-19.1%	-18.7%
Special Graphite Products	3,306	6,905	11,205	15,772	4,636	8,897	12,674	16,502	3,671	7,176
YoY	-10.9%	2.4%	19.3%	27.3%	40.2%	28.8%	13.1%	4.6%	-20.8%	-19.3%
% of total orders	40.5%	43.1%	45.1%	46.0%	45.4%	45.4%	44.9%	45.1%	44.4%	45.1%
General Carbon Products: Mechanical Applications	1,320	1,824	2,241	3,154	911	1,759	2,729	3,698	976	1,999
YoY	63.8%	16.8%	-9.2%	0.9%	-31.0%	-3.6%	21.8%	17.2%	7.1%	13.6%
% of total orders	16.2%	11.4%	9.0%	9.2%	8.9%	9.0%	9.7%	10.1%	11.8%	12.6%
General Carbon Products: Electrical Applications	1,235	2,588	3,940	5,345	1,276	2,584	3,725	4,785	1,126	2,256
YoY	1.0%	13.2%	6.9%	6.8%	3.3%	-0.2%	-5.5%	-10.5%	-11.8%	-12.7%
% of total orders	15.1%	16.1%	15.8%	15.6%	12.5%	13.2%	13.2%	13.1%	13.6%	14.2%
Compound Materials and Other Products	2,300	4,708	7,479	10,004	3,382	6,341	9,096	11,641	2,487	4,481
YoY	9.2%	8.4%	14.8%	15.3%	47.0%	34.7%	21.6%	16.4%	-26.5%	-29.3%
% of total orders	28.2%	29.4%	30.1%	29.2%	33.1%	32.4%	32.2%	31.8%	30.1%	28.2%
Quarterly (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Orders	8,161	7,865	8,841	9,408	10,208	9,377	8,645	8,395	8,262	7,654
YoY	4.0%	10.9%	24.2%	31.9%	25.1%	19.2%	-2.2%	-10.8%	-19.1%	-18.4%
Special Graphite Products	3,306	3,599	4,300	4,565	4,636	4,261	3,777	3,825	3,671	3,505
YoY	-10.9%	18.6%	62.5%	52.5%	40.2%	18.4%	-12.2%	-16.2%	-20.8%	-17.7%
% of total orders	40.5%	45.8%	48.6%	48.5%	45.4%	45.4%	43.7%	45.6%	44.4%	45.8%
General Carbon Products: Mechanical Applications	1,320	504	417	912	911	848	970	968	976	1,023
YoY	63.8%	-33.3%	-53.9%	38.6%	-31.0%	68.3%	132.6%	6.1%	7.1%	20.6%
% of total orders	16.2%	6.4%	4.7%	9.7%	8.9%	9.0%	11.2%	11.5%	11.8%	13.4%
General Carbon Products: Electrical Applications	1,235	1,353	1,352	1,405	1,276	1,308	1,141	1,059	1,126	1,130
YoY	1.0%	27.2%	-3.2%	6.6%	3.3%	-3.3%	-15.6%	-24.6%	-11.8%	-13.6%
% of total orders	15.1%	17.2%	15.3%	14.9%	12.5%	13.9%	13.2%	12.6%	13.6%	14.8%
Compound Materials and Other Products	2,300	2,408	2,771	2,525	3,382	2,959	2,755	2,543	2,487	1,994
YoY	9.2%	7.7%	27.6%	16.8%	47.0%	22.9%	-0.6%	0.7%	-26.5%	-32.6%
% of total orders	28.2%	30.6%	31.3%	26.8%	33.1%	31.6%	31.9%	30.3%	30.1%	26.1%
Order backlog	9,011	9,056	9,513	10,144	8,453	8,957	8,836	9,197	8,826	8,050
YoY	-0.2%	6.6%	13.4%	23.2%	-6.2%	-1.1%	-7.1%	-9.3%	4.4%	-10.1%
Special Graphite Products	4,937	5,041	5,546	5,994	3,159	3,299	2,984	3,381	3,177	2,859
YoY	-11.3%	-3.6%	16.6%	24.5%	-36.0%	-34.6%	-46.2%	-43.6%	0.6%	-13.3%
% of total orders	54.8%	55.7%	58.3%	59.1%	37.4%	36.8%	33.8%	36.8%	36.0%	35.5%
General Carbon Products: Mechanical Applications	1,209	918	551	584	648	622	729	733	770	823
YoY	174.1%	100.0%	-19.4%	-10.6%	-46.4%	-32.2%	32.3%	25.5%	18.8%	32.3%
% of total orders	13.4%	10.1%	5.8%	5.8%	7.7%	6.9%	8.3%	8.0%	8.7%	10.2%
General Carbon Products: Electrical Applications	876	902	911	975	981	977	894	849	848	827
YoY	-17.9%	1.8%	-5.6%	5.3%	12.0%	8.3%	-1.9%	-12.9%	-13.6%	-15.4%
% of total orders	9.7%	10.0%	9.6%	9.6%	11.6%	10.9%	10.1%	9.2%	9.6%	10.3%
Compound Materials and Other Products	1,987	2,193	2,503	2,589	3,664	4,057	4,229	4,234	4,029	3,540
YoY	1.9%	14.4%	26.2%	40.6%	84.4%	85.0%	69.0%	63.5%	10.0%	-12.7%
% of total orders	22.1%	24.2%	26.3%	25.5%	43.3%	45.3%	47.9%	46.0%	45.6%	44.0%

Source: Shared Research based on company data

Results by segment

Cumulative (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	8,115	16,564	25,693	35,240	12,335	22,056	31,763	41,132	9,685	19,141
YoY	-7.6%	-2.2%	4.6%	8.6%	52.0%	33.2%	23.6%	16.7%	-21.5%	-13.2%
Japan	5,761	11,734	17,902	24,344	9,043	15,630	22,551	29,644	6,842	13,634
YoY	-4.4%	0.1%	3.9%	6.2%	57.0%	33.2%	26.0%	21.8%	-24.3%	-12.8%
% of total sales	59.9%	59.7%	58.8%	58.2%	63.6%	60.2%	59.8%	60.2%	59.2%	60.1%
US	672	1,276	1,883	2,629	725	1,550	2,413	3,324	981	1,885
YoY	-15.4%	-11.9%	-5.7%	1.5%	7.9%	21.5%	28.1%	26.4%	35.3%	21.6%
% of total sales	7.0%	6.5%	6.2%	6.3%	5.1%	6.0%	6.4%	6.7%	8.5%	8.3%
Europe	725	1,458	2,224	3,043	860	1,735	2,513	3,283	909	1,764
YoY	-16.3%	-8.0%	-0.5%	3.7%	18.6%	19.0%	13.0%	7.9%	5.7%	1.7%
% of total sales	7.5%	7.4%	7.3%	7.3%	6.0%	6.7%	6.7%	6.7%	7.9%	7.8%
Asia	2,459	5,199	8,448	11,779	3,596	7,038	10,253	12,998	2,818	5,405
YoY	-12.9%	-3.5%	9.3%	16.8%	46.2%	35.4%	21.4%	10.3%	-21.6%	-23.2%
% of total sales	25.6%	26.4%	27.7%	28.2%	25.3%	27.1%	27.2%	26.4%	24.4%	23.8%
Adjustments	-1,503	-3,103	-4,765	-6,557	-1,889	-3,899	-5,968	-8,117	-1,865	-3,547
Operating profit	450	1,326	2,488	3,708	2,498	4,179	5,983	7,009	1,759	3,158
YoY	38.5%	158.5%	245.1%	468.7%	455.1%	215.2%	140.5%	89.0%	-29.6%	-24.4%
Japan	468	942	1,663	2,373	1,649	2,580	3,841	4,784	1,258	2,401
YoY	178.6%	417.6%	592.9%	583.9%	252.4%	173.9%	131.0%	101.6%	-23.7%	-6.9%
% of total OP	98.5%	74.9%	71.7%	69.1%	66.5%	62.6%	63.3%	66.5%	70.1%	74.3%
OPM	8.1%	8.0%	9.3%	9.7%	18.2%	16.5%	17.0%	16.1%	18.4%	17.6%
US	-80	-103	-124	-134	100	260	456	594	238	397
YoY	-61.2%	-56.2%	-61.0%	-74.1%	-225.0%	-352.4%	-467.7%	-543.3%	138.0%	52.7%
% of total OP	-16.8%	-8.2%	-5.3%	-3.9%	4.0%	6.3%	7.5%	8.3%	13.3%	12.3%
OPM	-11.9%	-8.1%	-6.6%	-5.1%	13.8%	16.8%	18.9%	17.9%	24.3%	21.1%
Europe	-4	12	-4	-18	-23	-102	-179	-290	-27	-67
YoY	-123.5%	-25.0%	-110.0%	-169.2%	475.0%	-950.0%	4375.0%	1511.1%	17.4%	-34.3%
% of total OP	-0.8%	1.0%	-0.2%	-0.5%	-0.9%	-2.5%	-2.9%	-4.0%	-1.5%	-2.1%
OPM	-0.6%	0.8%	-0.2%	-0.6%	-2.7%	-5.9%	-7.1%	-8.8%	-3.0%	-3.8%
Asia	92	406	784	1,212	750	1,381	1,951	2,110	326	502
YoY	-58.6%	31.4%	66.8%	107.5%	715.2%	240.1%	148.9%	74.1%	-56.5%	-63.6%
% of total OP	19.4%	32.3%	33.8%	35.3%	30.3%	33.5%	32.1%	29.3%	18.2%	15.5%
OPM	3.7%	7.8%	9.3%	10.3%	20.9%	19.6%	19.0%	16.2%	11.6%	9.3%
Adjustments	-25	69	169	275	20	60	-86	-189	-36	-75
Quarterly (JPYmm)	FY12/17				FY12/18				FY12/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total sales	8,115	8,449	9,129	9,547	12,335	9,721	9,707	9,369	9,685	9,456
YoY	-7.6%	3.6%	19.9%	20.7%	52.0%	15.1%	6.3%	-1.9%	-21.5%	-2.7%
Japan	5,761	5,973	6,168	6,442	9,043	6,587	6,921	7,093	6,842	6,792
YoY	-4.4%	4.9%	12.1%	13.1%	57.0%	10.3%	12.2%	10.1%	-24.3%	3.1%
% of total sales	59.9%	59.4%	57.2%	56.8%	63.6%	56.2%	58.8%	61.6%	59.2%	61.0%
US	672	604	607	746	725	825	863	911	981	904
YoY	-15.4%	-7.6%	10.6%	25.6%	7.9%	36.6%	42.2%	22.1%	35.3%	9.6%
% of total sales	7.0%	6.0%	5.6%	6.6%	5.1%	7.0%	7.3%	7.9%	8.5%	8.1%
Europe	725	733	766	819	860	875	778	770	909	855
YoY	-16.3%	1.9%	17.8%	17.0%	18.6%	19.4%	1.6%	-6.0%	5.7%	-2.3%
% of total sales	7.5%	7.3%	7.1%	7.2%	6.0%	7.5%	6.6%	6.7%	7.9%	7.7%
Asia	2,459	2,740	3,249	3,331	3,596	3,442	3,215	2,745	2,818	2,587
YoY	-12.9%	6.7%	38.8%	41.7%	46.2%	25.6%	-1.0%	-17.6%	-21.6%	-24.8%
% of total sales	25.6%	27.3%	30.1%	29.4%	25.3%	29.3%	27.3%	23.8%	24.4%	23.2%
Adjustments	-1,503	-1,600	-1,662	-1,792	-1,889	-2,010	-2,069	-2,149	-1,865	-1,682
Operating profit	450	876	1,162	1,220	2,498	1,681	1,804	1,026	1,759	1,399
YoY	38.5%	366.0%	458.7%	-1868.1%	455.1%	91.9%	55.2%	-15.9%	-29.6%	-16.8%
Japan	468	474	721	710	1,649	931	1,261	943	1,258	1,143
YoY	178.6%	3285.7%	1143.1%	563.6%	252.4%	96.4%	74.9%	32.8%	-23.7%	22.8%
% of total OP	98.5%	60.6%	67.9%	63.7%	66.5%	56.7%	64.7%	83.5%	70.1%	79.5%
OPM	8.1%	7.9%	11.7%	11.0%	18.2%	14.1%	18.2%	13.3%	18.4%	16.8%
US	-80	-23	-21	-10	100	160	196	138	238	159
YoY	-61.2%	-20.7%	-74.7%	-95.0%	-225.0%	-795.7%	-1033.3%	-1480.0%	138.0%	-0.6%
% of total OP	-16.8%	-2.9%	-2.0%	-0.9%	4.0%	9.8%	10.1%	12.2%	13.3%	11.1%
OPM	-11.9%	-3.8%	-3.5%	-1.3%	13.8%	19.4%	22.7%	15.1%	24.3%	17.6%
Europe	-4	16	-16	-14	-23	-79	-77	-111	-27	-40
YoY	-123.5%	-1700.0%	-166.7%	0.0%	475.0%	-593.8%	381.3%	692.9%	17.4%	-49.4%
% of total OP	-0.8%	2.0%	-1.5%	-1.3%	-0.9%	-4.8%	-3.9%	-9.8%	-1.5%	-2.8%
OPM	-0.6%	2.2%	-2.1%	-1.7%	-2.7%	-9.0%	-9.9%	-14.4%	-3.0%	-4.7%
Asia	92	314	378	428	750	631	570	159	326	176
YoY	-58.6%	260.9%	134.8%	275.4%	715.2%	101.0%	50.8%	-62.9%	-56.5%	-72.1%
% of total OP	19.4%	40.2%	35.6%	38.4%	30.3%	38.5%	29.2%	14.1%	18.2%	12.2%
OPM	3.7%	11.5%	11.6%	12.8%	20.9%	18.3%	17.7%	5.8%	11.6%	6.8%
Adjustments	-25	94	100	106	20	40	-146	-103	-36	-39

Source: Shared Research based on company data
 Note: Segment sales include internal transactions.

Japan

Semiconductor, LED, and metallurgical applications were firm, and carbon for mechanical applications remained strong, but the segment was hit by the absence of JPY2.7bn in sales for Chinese high-temperature reactor-pebble-bed modules (HTR-PM) booked in Q1 FY12/18. Segment sales fell 12.8% YoY to JPY13.6bn and operating profit dropped 6.9% YoY to JPY2.4bn.

United States

Electronics-related and metallurgical applications were robust and the segment benefited from better margins. As a result, segment sales came to JPY1.9bn (+21.6% YoY) and operating profit to JPY397mn (+52.7% YoY).

Europe

Sales were weak for carbon brush products, but electronics-related applications and metallurgical applications held firm. Sales were up 1.7% YoY to JPY1.8bn but the segment logged a 1H operating loss of JPY67mn (versus a loss of JPY102mn in 1H FY12/18).

Asia

Performances in carbon brush products and solar cell applications were lackluster, and metallurgical applications were soft. Segment sales dropped to JPY5.4bn (-23.2% YoY) and operating profit to JPY502mn (-63.6% YoY), partially due to the absence of sales for Chinese high-temperature reactor-pebble-bed modules (HTR-PM) posted during Q1 FY12/18.

Revised FY12/19 forecasts

- ▷ Sales: JPY37.0bn (JPY40.0bn previously)
- ▷ Operating profit: JPY5.8bn (JPY5.0bn)
- ▷ Recurring profit: JPY5.8bn (JPY5.0bn)
- ▷ Net income*: JPY4.0bn (JPY3.5bn)
- ▷ EPS: JPY190.72 (JPY166.88)

*Net income attributable to owners of the parent

Reasons for revision

Amid concerns of intensifying US-China trade friction and the impact of the export issue between Japan and South Korea (Japan has removed preferred trade status from South Korea), the company expects sales for all applications to decline overall from Q3 onward. Still, it expects to be able to largely meet its 2H operating profit target of JPY2.6bn through stringent cost control.

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

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