

This PDF document is an updated note on the company. A comprehensive version of the report on the company, including this latest update, is available on [our website](#) and various professional platforms.

On **January 31, 2020**, Kameda Seika Co., Ltd. announced earnings results for Q3 FY03/20.

Cumulative (JPYmm)	FY03/19				FY03/20				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	23,453	47,000	74,218	100,041	23,501	48,649	76,717		74.5%	103,000
YoY	-0.4%	0.0%	0.4%	0.5%	0.2%	3.5%	3.4%			3.0%
Gross profit	9,626	19,351	31,369	42,790	9,870	20,267	32,922			
YoY	-1.9%	2.5%	3.2%	2.6%	2.5%	4.7%	5.0%			
GPM	41.0%	41.2%	42.3%	42.8%	42.0%	41.7%	42.9%			
SG&A expenses	9,235	18,038	27,791	37,451	9,445	18,864	29,159			
YoY	0.2%	0.9%	1.2%	2.0%	2.3%	4.6%	4.9%			
SG&A ratio	39.4%	38.4%	37.4%	37.4%	40.2%	38.8%	38.0%			
Operating profit	390	1,312	3,578	5,338	424	1,402	3,763		56.2%	6,700
YoY	-34.5%	32.1%	21.6%	6.6%	8.7%	6.9%	5.2%			25.5%
OPM	1.7%	2.8%	4.8%	5.3%	1.8%	2.9%	4.9%			6.5%
Recurring profit	627	1,802	4,540	6,573	579	1,691	4,505		57.8%	7,800
YoY	-29.6%	14.3%	17.6%	1.8%	-7.7%	-6.2%	-0.8%			18.7%
RPM	2.7%	3.8%	6.1%	6.6%	2.5%	3.5%	5.9%			7.6%
Net income	275	1,143	3,061	4,402	309	1,188	3,248		65.0%	5,000
YoY	-50.4%	10.3%	24.8%	7.1%	12.4%	3.9%	6.1%			13.6%
Net margin	1.2%	2.4%	4.1%	4.4%	1.3%	2.4%	4.2%			4.9%
Contribution to OPM YoY change	-0.9pp	0.7pp	0.8pp	0.3pp	0.1pp	0.1pp	0.1pp			
GPM YoY change	-0.6pp	1.0pp	1.2pp	0.8pp	1.0pp	0.5pp	0.6pp			
SG&A ratio YoY change	-0.2pp	-0.3pp	-0.3pp	-0.5pp	-0.8pp	-0.4pp	-0.6pp			
Quarterly (JPYmm)	FY03/19				FY03/20					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	23,453	23,547	27,218	25,823	23,501	25,148	28,068			
YoY	-0.4%	0.5%	0.9%	1.0%	0.2%	6.8%	3.1%			
Gross profit	9,626	9,725	12,018	11,421	9,870	10,397	12,655			
YoY	-1.9%	7.4%	4.3%	0.9%	2.5%	6.9%	5.3%			
GPM	41.0%	41.3%	44.2%	44.2%	42.0%	41.3%	45.1%			
SG&A expenses	9,235	8,803	9,753	9,660	9,445	9,419	10,295			
YoY	0.2%	1.7%	1.8%	4.3%	2.3%	7.0%	5.6%			
SG&A ratio YoY change	39.4%	37.4%	35.8%	37.4%	40.2%	37.5%	36.7%			
Operating profit	390	922	2,266	1,760	424	978	2,361			
YoY	-34.5%	131.7%	16.3%	-14.8%	8.7%	6.1%	4.2%			
OPM	1.7%	3.9%	8.3%	6.8%	1.8%	3.9%	8.4%			
Recurring profit	627	1,175	2,738	2,033	579	1,112	2,814			
YoY	-29.6%	71.3%	19.8%	-21.7%	-7.7%	-5.4%	2.8%			
RPM	2.7%	5.0%	10.1%	7.9%	2.5%	4.4%	10.0%			
Net income	275	868	1,918	1,341	309	879	2,060			
YoY	-50.4%	80.1%	35.5%	-19.1%	12.4%	1.3%	7.4%			
Net margin	1.2%	3.7%	7.0%	5.2%	1.3%	3.5%	7.3%			
Contribution to OPM YoY change	-0.9pp	2.2pp	1.1pp	-1.3pp	0.1pp	-0.0pp	0.1pp			
GPM YoY change	-0.6pp	2.7pp	1.4pp	-0.1pp	1.0pp	0.0pp	0.9pp			
SG&A ratio YoY change	-0.2pp	-0.4pp	-0.3pp	-1.2pp	-0.8pp	-0.1pp	-0.8pp			

Source: Shared Research based on company data

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

Note: Net income refers to net income attributable to owners of the parent.

Rice cracker demand tends to rise during colder months, particularly around New Year. As such, sales and profits are typically higher in 2H.

## Quarterly sales and operating profit

Cumulative (JPYmm)	FY03/19				FY03/20				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	23,453	47,000	74,218	100,041	23,501	48,649	76,717		74.5%	103,000
YoY	-0.4%	0.0%	0.4%	0.5%	0.2%	3.5%	3.4%			3.0%
Domestic rice cracker business	18,942	37,754	59,963	80,323	19,142	39,231	62,084		75.1%	82,700
YoY	-2.4%	-0.2%	0.6%	0.7%	1.1%	3.9%	3.5%			3.0%
Overseas business	1,840	3,508	5,296	7,120	1,716	3,707	5,857		79.1%	7,400
YoY	25.4%	5.5%	-4.1%	-4.4%	-6.7%	5.7%	10.6%			3.9%
Domestic food business	915	2,278	3,568	5,409	879	2,162	3,366		60.1%	5,600
YoY	-1.0%	10.2%	12.3%	8.2%	-3.9%	-5.1%	-5.7%			3.5%
Other	1,756	3,459	5,390	7,187	1,763	3,548	5,409		74.1%	7,300
YoY	1.3%	-8.1%	-4.4%	-2.1%	0.4%	2.6%	0.4%			1.6%
Operating profit	390	1,312	3,578	5,338	424	1,402	3,763		56.2%	6,700
YoY	-34.5%	32.1%	21.6%	6.6%	8.7%	6.9%	5.2%			25.5%
OPM	1.7%	2.8%	4.8%	5.3%	1.8%	2.9%	4.9%			6.5%
Domestic rice cracker business	583	1,565	4,047	5,800	818	1,892	4,237		63.2%	6,700
YoY	-34.3%	16.6%	23.1%	1.8%	40.3%	20.9%	4.7%			15.5%
OPM	3.1%	4.1%	6.7%	7.2%	4.3%	4.8%	6.8%			8.1%
Overseas business	-182	-445	-842	-1,211	-280	-430	-541		-	-650
YoY	-	-	-	-	-	-	-			-
OPM	-	-	-	-	-	-	-			-
Domestic food business	-62	68	176	490	-143	-125	-87		-	350
YoY	-219.2%	-58.5%	-40.3%	15.6%	-	-	-			-28.6%
OPM	-6.8%	3.0%	4.9%	9.1%	-	-	-			6.3%
Other	52	123	197	259	29	66	154		51.3%	300
YoY	-50.0%	-49.0%	-47.2%	-43.9%	-44.2%	-46.3%	-21.8%			15.8%
OPM	3.0%	3.6%	3.7%	3.6%	1.6%	1.9%	2.8%			4.1%

  

Quarterly (JPYmm)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	23,453	23,547	27,218	25,823	23,501	25,148	28,068	
YoY	-0.4%	0.5%	0.9%	1.0%	0.2%	6.8%	3.1%	
Domestic rice cracker business	18,942	18,812	22,209	20,360	19,142	20,089	22,853	
YoY	-2.4%	2.2%	1.9%	1.2%	1.1%	6.8%	2.9%	
Overseas business	1,840	1,668	1,788	1,824	1,716	1,991	2,150	
YoY	25.4%	-10.2%	-18.7%	-5.2%	-6.7%	19.4%	20.2%	
Domestic food business	915	1,363	1,290	1,841	879	1,283	1,204	
YoY	-1.0%	19.1%	16.2%	1.1%	-3.9%	-5.9%	-6.7%	
Other	1,756	1,703	1,931	1,797	1,763	1,785	1,861	
YoY	1.3%	-16.1%	3.0%	5.5%	0.4%	4.8%	-3.6%	
Operating profit	390	922	2,266	1,760	424	978	2,361	
YoY	-34.5%	131.7%	16.3%	-14.8%	8.7%	6.1%	4.2%	
OPM	1.7%	3.9%	8.3%	6.8%	1.8%	3.9%	8.4%	
Domestic rice cracker business	583	982	2,482	1,753	818	1,074	2,345	
YoY	-34.3%	116.3%	27.5%	-27.3%	40.3%	9.4%	-5.5%	
OPM	3.1%	5.2%	11.2%	8.6%	4.3%	5.3%	10.3%	
Overseas business	-182	-263	-397	-369	-280	-150	-111	
YoY	-	-	-	-	-	-	-	
OPM	-	-	-	-	-	-	-	
Domestic food business	-62	130	108	314	-143	18	38	
YoY	-	16.1%	-17.6%	143.4%	-	-86.2%	-64.8%	
OPM	-	9.5%	8.4%	17.1%	-	1.4%	3.2%	
Other	52	71	74	62	29	37	88	
YoY	-50.0%	-48.2%	-43.9%	-30.3%	-44.2%	-47.9%	18.9%	
OPM	3.0%	4.2%	3.8%	3.5%	1.6%	2.1%	4.7%	

Source: Shared Research based on company data

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

Note: Under the medium-term management plan, former new business was renamed to domestic food business. Accordingly, part of expenses included in the new business are shown under the domestic food business.

## Group company sales in North America (local currency basis, before intra-group eliminations)

Cumulative (USD'000)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mary's Gone Crackers, Inc.	11,925	21,699	31,460	42,314	10,603	21,530		
YoY	42.2%	11.0%	-6.1%	-7.7%	-11.1%	-0.8%		
Kameda USA, Inc.	1,062	2,576	3,904	5,726	745	2,154		
YoY	-2.0%	-6.8%	-6.0%	5.7%	-29.8%	-16.4%		
TH Food, Inc.	48,096	99,771	167,269	222,024	51,490	101,812		
YoY	2.8%	5.0%	12.9%	12.4%	7.1%	2.0%		

  

Quarterly (USD'000)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Mary's Gone Crackers, Inc.	11,925	9,774	9,761	10,854	10,603	10,927		
YoY	42.2%	-12.5%	-30.1%	-12.1%	-11.1%	11.8%		
Kameda USA, Inc.	1,062	1,514	1,328	1,822	745	1,409		
YoY	-2.0%	-9.8%	-4.4%	43.9%	-29.8%	-6.9%		
TH Food, Inc.	48,096	51,675	67,498	54,755	51,490	50,322		
YoY	2.8%	7.1%	26.9%	10.8%	7.1%	-2.6%		

Source: Shared Research based on company data

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

Note: TH Food, Inc. is an equity-method affiliate.

**Group company sales in Asia (local currency basis, before intra-group eliminations)**

Cumulative	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Thai Kameda Co., Ltd. (THB'000)	104,044	203,298	343,064	435,410	94,146	205,569		
YoY	3.3%	-5.3%	4.3%	2.6%	-9.5%	1.1%		
Forex (THB/JPY)	3.42	3.40	3.42	3.43	3.48	3.48		
JPY eqv. (JPYmn)	356	691	1,173	1,493	328	717		
Qindao Kameda Foods (CNY'000)	14,685	29,806	45,504	64,109	15,264	29,523		
YoY	-8.3%	-0.3%	5.6%	8.5%	3.9%	-0.9%		
Forex (CNY/JPY)	17.05	17.09	16.85	16.72	16.32	16.20		
JPY eqv. (JPYmn)	250	509	767	1,072	249	478		
Thien Ha Kameda, JSC. (VNDmn)	81,837	176,008	270,899	350,919	86,715	191,027		
YoY	-15.2%	-12.1%	-10.6%	-10.2%	6.0%	8.5%		
Forex (VND/JPY)	0.00479	0.00479	0.00481	0.00479	0.00472	0.00467		
JPY eqv. (JPYmn)	392	843	1,303	1,681	409	892		
Quarterly	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Thai Kameda Co., Ltd. (THB'000)	104,044	99,254	139,766	92,346	94,146	111,423		
YoY	3.3%	-12.9%	22.2%	-3.2%	-9.5%	12.3%		
Qindao Kameda Foods (CNY'000)	14,685	15,121	15,698	18,605	15,264	14,259		
YoY	-8.3%	8.9%	19.0%	16.3%	3.9%	-5.7%		
Thien Ha Kameda, JSC. (VNDmn)	81,837	94,171	94,891	80,020	86,715	104,312		
YoY	-15.2%	-9.2%	-7.9%	-8.7%	6.0%	10.8%		

Source: Shared Research based on company data

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

Note: Thien Ha Kameda, JSC. is an equity-method affiliate.

Note: Yen equivalents calculated by Shared Research, based on exchange rate.

**Cumulative Q3 FY03/20 results**

- ▷ Sales: JPY76.7bn (+3.4% YoY)
- ▷ Operating profit: JPY3.8bn (+5.2% YoY)
- ▷ Recurring profit: JPY4.5bn (-0.8% YoY)
- ▷ Net income\* JPY3.2bn (+6.1% YoY)

\*Net income attributable to owners of the parent

**Sales up YoY**

Sales declined YoY in the domestic food business, but rose YoY in the domestic rice cracker business, the overseas business, and the other business.

**Operating profit increased YoY**

SG&A expenses rose YoY, but profit was up YoY nonetheless on the back of stronger sales. Profit at the domestic rice cracker business was squeezed by increased labor costs (due to difficulties in securing sufficient production personnel) and higher distribution costs. Raw material prices, however, were stable. Profit was buoyed also by the boost to sales and factory utilization from ongoing investment in aggressive sales promotions for long-time favorites (an initiative begun in FY03/19), and strengthened promotion of core brands. Kameda also made progress in eliminating unprofitable transactions. The company's US-based consolidated subsidiary saw profitability improve on the back of higher sales, and as the cost of production is decreasing as a result of factory consolidation, Kameda expects a shift into the black over the full fiscal year.

**Recurring profit declined YoY**

Equity-method investment gains declined as a result of lower sales at equity-method affiliate TH Foods, Inc.

**Net income attributable to owners of the parent rose YoY**

Net income attributable to owners of the parent was up YoY due to the dropout of one-time expenses related to the integration of factories at the US-based consolidated subsidiary recorded in Q3 FY03/19, resulting in a decline in extraordinary losses from JPY387mn in cumulative Q3 FY03/19 to JPY150mn.

**Domestic rice cracker business**

- ▷ Sales: JPY62.1bn (+3.5% YoY)
- ▷ Operating profit: JPY4.2bn (+4.7% YoY)

- ▷ Kameda Seika focused management resources on growing its core brands with an eye on the long term. To enhance its sales and promotion activities, the company aired commercials using its new mascot and conducted related campaigns. It reduced and optimized the number of product items in order to improve production efficiency. The company also focused on sales promotion activities on core brands and worked to stabilize factory utilization rate and improve profitability. To capture rising demand from consumers enjoying drinks at home rather than going out following the consumption tax hike, Kameda Seika worked to expand its lineup of snacks that match alcoholic beverages. The results of this effort are beginning to appear.
- ▷ In terms of sales of core brands, Happy Turn, Kameda no Magari Senbei, Tsumami Tane, Usuyaki, Soft Salada, Pota Pota Yaki, Waza no Kodawari, and Haihain were up YoY, but sales of Age Ichiban and Katabutsu were down YoY. Even though Kameda moved the release of its Kameda no Kaki no Tane winter limited edition to Q4 FY03/20 (Jan–Mar 2020), the brand’s sales were level with Q3 FY03/19 owing to YoY growth in sales of long-time favorites in the family. Teshioya sales also were flat YoY, as the impact of sales promotions faded.

## Overseas business

- ▷ Sales: JPY5.9bn (+10.6% YoY)
- ▷ Operating loss: JPY541mn (versus a loss of JPY842mn in cumulative Q3 FY03/19)
- ▷ Sales were up YoY, as US subsidiary Mary’s Gone Crackers, Inc., worked to develop new sales channels after a tardy response to intensifying competition in the core North American market. There was also a contribution to earnings from Cambodian subsidiary LyLy Kameda Co., Ltd., which commenced operations in Q1 FY03/20 (Apr–Jun 2019). The operating loss narrowed on higher sales.

## Domestic food business

- ▷ Sales: JPY3.4bn (-5.7% YoY)
- ▷ Operating loss: JPY87mn (versus profit of JPY176mn in cumulative Q3 FY03/19)
- ▷ In February 2019, the company made Maisen Co., Ltd. and its subsidiary Maisen Fine Food Co., Ltd. subsidiaries as a step to lay the foundation for further growth in the domestic food business. These were included in the profit and loss account from Q1 FY03/20. Sales were down YoY despite the contribution from Maisen because demand based on the replacement cycle for extended shelf life products slowed.
- ▷ The company conducted initiatives toward expanding business, including test marketing of extended shelf life products in anticipation of the development of overseas markets.

Maisen Co., Ltd. operates factories free of specific raw materials that cause allergic reactions (other than soybeans) and manufactures gluten-free foods such as brown-rice bread and vegetarian meat, which it explains as being good for health and beauty care.

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

We offer corporate clients comprehensive report coverage, a service that allows them to better inform investors and other stakeholders by presenting a continuously updated third-party view of business fundamentals, independent of investment biases. Shared Research can be found on the web at <https://sharedresearch.jp>.

## Disclaimer

This document is provided for informational purposes only. No investment opinion or advice is provided, intended, or solicited. Shared Research Inc. offers no warranty, either expressed or implied, regarding the veracity of data or interpretations of data included in this report. We shall not be held responsible for any damage caused by the use of this report.

The copyright of this report and the rights regarding the creation and exploitation of the derivative work of this and other Shared Research Reports belong to Shared Research. This report may be reproduced or modified for personal use; distribution, transfer, or other uses of this report are strictly prohibited and a violation of the copyright of this report. Our officers and employees may currently, or in the future, have a position in securities of the companies mentioned in this report, which may affect this report's objectivity.

## Japanese Financial Instruments and Exchange Law (FIEL) Disclaimer

The report has been prepared by Shared Research under a contract with the company described in this report ("the company"). Opinions and views presented are ours where so stated. Such opinions and views attributed to the company are interpretations made by Shared Research. We represent that if this report is deemed to include an opinion from us that could influence investment decisions in the company, such an opinion may be in exchange for consideration or promise of consideration from the company to Shared Research.

## Contact Details

### Shared Research Inc.

3-31-12 Sendagi Bunkyo-ku Tokyo, Japan

<https://sharedresearch.jp>

Phone: +81 (0)3 5834-8787

Email: [info@sharedresearch.jp](mailto:info@sharedresearch.jp)