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On **May 19, 2020**, Chori Co., Ltd. announced earnings results for full-year FY03/20.

Cumulative (JPYmm)	FY03/18				FY03/19				FY03/20				Full-year FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of Est.	Est.
Sales	67,535	145,089	225,504	311,705	82,457	173,171	261,956	356,537	83,187	164,370	249,440	329,360	99.8%	330,000
YoY	10.6%	12.9%	15.7%	15.1%	22.1%	19.4%	16.2%	14.4%	0.9%	-5.1%	-4.8%	-7.6%		-7.4%
Gross profit	6,071	12,839	19,796	26,400	6,929	14,084	21,274	28,585	7,178	14,416	21,446	28,310		
YoY	3.4%	2.4%	4.8%	5.0%	14.1%	9.7%	7.5%	8.3%	3.6%	2.4%	0.8%	-1.0%		
Gross profit margin	9.0%	8.8%	8.8%	8.5%	8.4%	8.1%	8.1%	8.0%	8.6%	8.8%	8.6%	8.6%		
SG&A expenses	4,597	9,404	14,194	19,174	4,916	9,973	15,196	20,538	4,872	9,797	14,739	20,091		
YoY	0.8%	4.9%	5.2%	2.5%	6.9%	6.1%	7.1%	7.1%	-0.9%	-1.8%	-3.0%	-2.2%		
SG&A ratio	6.8%	6.5%	6.3%	6.2%	6.0%	5.8%	5.8%	5.8%	5.9%	6.0%	5.9%	6.1%		
Operating profit	1,473	3,434	5,601	7,226	2,012	4,110	6,077	8,047	2,305	4,618	6,707	8,219	99.0%	8,300
YoY	12.3%	-3.8%	3.8%	12.1%	36.6%	19.7%	8.5%	11.4%	14.6%	12.4%	10.4%	2.1%		3.1%
Operating profit margin	2.2%	2.4%	2.5%	2.3%	2.4%	2.4%	2.3%	2.3%	2.8%	2.8%	2.7%	2.5%		2.5%
Recurring profit	1,615	3,544	5,810	7,499	2,244	4,533	6,602	8,660	2,400	4,877	7,188	8,685	96.5%	9,000
YoY	27.3%	-3.0%	2.2%	7.6%	38.9%	27.9%	13.6%	15.5%	7.0%	7.6%	8.9%	0.3%		3.9%
Recurring profit margin	2.4%	2.4%	2.6%	2.4%	2.7%	2.6%	2.5%	2.4%	2.9%	3.0%	2.9%	2.6%		2.7%
Net income	1,109	2,335	3,853	4,730	1,469	2,961	4,327	5,630	1,629	3,236	4,740	6,101	105.2%	5,800
YoY	8.5%	-8.6%	-1.5%	-1.0%	32.5%	26.8%	12.3%	19.0%	10.9%	9.3%	9.5%	8.4%		3.0%
Net margin	1.6%	1.6%	1.7%	1.5%	1.8%	1.7%	1.7%	1.6%	2.0%	2.0%	1.9%	1.9%		1.8%
Quarterly (JPYmm)	FY03/18				FY03/19				FY03/20					
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Sales	67,535	77,554	80,415	86,201	82,457	90,714	88,785	94,581	83,187	81,183	85,070	79,920		
YoY	10.6%	14.9%	21.3%	13.3%	22.1%	17.0%	10.4%	9.7%	0.9%	-10.5%	-4.2%	-15.5%		
Gross profit	6,071	6,768	6,957	6,604	6,929	7,155	7,190	7,311	7,178	7,238	7,030	6,864		
YoY	3.4%	1.5%	9.5%	5.5%	14.1%	5.7%	3.3%	10.7%	3.6%	1.2%	-2.2%	-6.1%		
Gross profit margin	9.0%	8.7%	8.7%	7.7%	8.4%	7.9%	8.1%	7.7%	8.6%	8.9%	8.3%	8.6%		
SG&A expenses	4,597	4,807	4,790	4,980	4,916	5,057	5,223	5,342	4,872	4,925	4,942	5,352		
YoY	0.8%	9.0%	5.8%	-4.3%	6.9%	5.2%	9.0%	7.3%	-0.9%	-2.6%	-5.4%	0.2%		
SG&A ratio	6.8%	6.2%	6.0%	5.8%	6.0%	5.6%	5.9%	5.6%	5.9%	6.1%	5.8%	6.7%		
Operating profit	1,473	1,961	2,167	1,625	2,012	2,098	1,967	1,970	2,305	2,313	2,089	1,512		
YoY	12.3%	-13.1%	18.7%	54.3%	36.6%	7.0%	-9.2%	21.2%	14.6%	10.2%	6.2%	-23.2%		
Operating profit margin	2.2%	2.5%	2.7%	1.9%	2.4%	2.3%	2.2%	2.1%	2.8%	2.8%	2.5%	1.9%		
Recurring profit	1,615	1,929	2,266	1,689	2,244	2,289	2,069	2,058	2,400	2,477	2,311	1,497		
YoY	27.3%	-19.1%	11.5%	31.9%	38.9%	18.7%	-8.7%	21.8%	7.0%	8.2%	11.7%	-27.3%		
Recurring profit margin	2.4%	2.5%	2.8%	2.0%	2.7%	2.5%	2.3%	2.2%	2.9%	3.1%	2.7%	1.9%		
Net income	1,109	1,226	1,518	877	1,469	1,492	1,366	1,303	1,629	1,607	1,504	1,361		
YoY	8.5%	-20.1%	11.9%	1.0%	32.5%	21.7%	-10.0%	48.6%	10.9%	7.7%	10.1%	4.5%		
Net margin	1.6%	1.6%	1.9%	1.0%	1.8%	1.6%	1.5%	1.4%	2.0%	2.0%	1.8%	1.7%		

Source: Shared Research based on company data

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

## Performance by segment

By segment (cumulative) (JPYmm)	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	67,535	145,089	225,504	311,705	82,457	173,171	261,956	356,537	83,187	164,370	249,440	329,360
YoY	10.6%	12.9%	15.7%	15.1%	22.1%	19.4%	16.2%	14.4%	0.9%	-5.1%	-4.8%	-7.6%
Fibers, Textiles, and Garments	23,493	52,238	80,978	113,349	26,654	57,118	89,339	120,240	26,400	55,552	83,627	114,520
YoY	-3.3%	-1.2%	2.4%	2.1%	13.5%	9.3%	10.3%	6.1%	-1.0%	-2.7%	-6.4%	-4.8%
Chemicals	32,375	66,638	105,475	142,269	42,727	85,989	128,928	176,525	40,374	77,501	117,251	150,634
YoY	9.7%	13.5%	18.5%	16.5%	32.0%	29.0%	22.2%	24.1%	-5.5%	-9.9%	-9.1%	-14.7%
Machinery	11,639	26,165	38,989	56,009	13,057	30,023	43,631	59,696	16,393	31,277	48,507	64,133
YoY	61.2%	55.1%	46.3%	48.6%	12.2%	14.7%	11.9%	6.6%	25.5%	4.2%	11.2%	7.4%
Recurring profit	1,615	3,544	5,810	7,499	2,244	4,533	6,602	8,660	2,400	4,877	6,707	8,219
YoY	27.3%	-3.0%	2.2%	7.6%	38.9%	27.9%	13.6%	15.5%	7.0%	7.6%	1.6%	-5.1%
Fibers, Textiles, and Garments	488	1,572	2,498	3,480	795	1,853	2,844	3,710	728	1,944	3,049	4,028
YoY	-15.4%	-12.6%	-7.0%	1.5%	62.9%	17.9%	13.9%	6.6%	-8.4%	4.9%	7.2%	8.6%
Chemicals	848	1,546	2,476	3,132	1,088	1,985	2,867	3,890	1,234	2,194	3,078	3,515
YoY	33.1%	29.6%	37.9%	24.2%	28.3%	28.4%	15.8%	24.2%	13.4%	10.5%	7.4%	-9.6%
Machinery	36	130	186	169	109	224	273	323	169	294	412	417
YoY	350.0%	550.0%	195.2%	131.5%	202.8%	72.3%	46.8%	91.1%	55.0%	31.3%	50.9%	29.1%

By segment (quarterly) (JPYmm)	FY03/18				FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	67,535	77,554	80,415	86,201	82,457	90,714	88,785	94,581	83,187	81,183	85,070	79,920
YoY	10.6%	14.9%	21.3%	13.3%	22.1%	17.0%	10.4%	9.7%	0.9%	-10.5%	-4.2%	-15.5%
Fibers, Textiles, and Garments	23,493	28,745	28,740	32,371	26,654	30,464	32,221	30,901	26,400	29,152	28,075	30,893
YoY	-3.3%	0.5%	9.7%	1.5%	13.5%	6.0%	12.1%	-4.5%	-1.0%	-4.3%	-12.9%	0.0%
Chemicals	32,375	34,263	38,837	36,794	42,727	43,262	42,939	47,597	40,374	37,127	39,750	33,383
YoY	9.7%	17.2%	28.2%	11.1%	32.0%	26.3%	10.6%	29.4%	-5.5%	-14.2%	-7.4%	-29.9%
Machinery	11,639	14,526	12,824	17,020	13,057	16,966	13,608	16,065	16,393	14,884	17,230	15,626
YoY	61.2%	50.6%	31.1%	54.0%	12.2%	16.8%	6.1%	-5.6%	25.5%	-12.3%	26.6%	-2.7%
Recurring profit	1,615	1,929	2,266	1,689	2,244	2,289	2,069	2,058	2,400	2,477	1,830	1,512
YoY	27.3%	-19.1%	11.5%	31.9%	38.9%	18.7%	-8.7%	21.8%	7.0%	8.2%	-11.6%	-26.5%
Fibers, Textiles, and Garments	488	1,084	926	982	795	1,058	991	866	728	1,216	1,105	979
YoY	-15.4%	-11.2%	4.4%	32.0%	62.9%	-2.4%	7.0%	-11.8%	-8.4%	14.9%	11.5%	13.0%
Chemicals	848	698	930	656	1,088	897	882	1,023	1,234	960	884	437
YoY	33.1%	25.5%	54.2%	-9.6%	28.3%	28.5%	-5.2%	55.9%	13.4%	7.0%	0.2%	-57.3%
Machinery	36	94	56	-17	109	115	49	50	169	125	118	5
YoY	350.0%	683.3%	30.2%	-	202.8%	22.3%	-12.5%	-	55.0%	8.7%	140.8%	-90.0%

Source: Shared Research based on company data

## Full-year consolidated results for FY03/20

## Summary

For FY03/20, the company reported full-year consolidated sales of JPY329.4bn (-7.6% YoY), operating profit of JPY8.2bn (+2.1% YoY), recurring profit of JPY8.7bn (+0.3% YoY), and net income attributable to owners of the parent of JPY6.1bn (+8.4% YoY).

- ▷ The 7.6% decline in consolidated sales was attributable mainly to the Chemicals business, where sales were pulled down by weak market conditions for organic chemicals.
- ▷ Operating profit finished up 2.1% YoY thanks to gains at the Fibers, Textiles, and Garments business, which benefited from solid sales of overseas materials and the improved profitability of its domestic apparel business.
- ▷ Rising 0.3% YoY, recurring profit set a new record high for the fourth consecutive year.
- ▷ The 8.4% rise in net income reflected the booking of extraordinary gains, most of which came from a JPY777mn gain on the sale of fixed assets.
- ▷ The annual dividend of JPY63.0 per share represented an increase of JPY3.0 over JPY60.0 per share in FY03/19.
- ▷ The company's shareholders equity ratio of 50.0% was up 4.6pp YoY.
- ▷ ROA (calculated using recurring profit) of 7.5% was up 0.2pp YoY.
- ▷ ROE (calculated using net income) of 11.0% was up 0.3pp YoY.
- ▷ The company's trade ratio of 71.4% was up 1.8pp YoY.
- ▷ Domestic sales of JPY94.1bn were down JPY14.3bn YoY, with most of the decline attributable to lower sales at the company's domestic chemical subsidiaries.

- ▷ Overseas sales of JPY134.6bn were up JPY4.9bn YoY, with the gains being underpinned by higher overseas sales in the Fibers, Textiles, and Garments business and also in the Machinery business.

## Segment results

### Fibers, Textiles, and Garments

For FY03/20, the Fibers, Textiles, and Garments business reported full-year sales of JPY114.5bn (-4.8% YoY) and a recurring profit of JPY4.0bn (+8.6% YoY). The slump in sales reflected the lack of a recovery in consumer sentiment and weakness in the domestic market as a whole; still, the segment managed to report higher earnings thanks to solid trends at its overseas materials business and the improved profitability of its domestic apparel business.

### Chemicals

For FY03/20, the Chemicals business reported full-year sales of JPY150.6bn (-14.7% YoY) and a recurring profit of JPY3.5bn (-9.6% YoY), the slump in sales attributable mainly to weakness in organic chemical material markets.

### Machinery

For FY03/20, the Machinery business reported full-year sales of JPY64.1bn (+7.4% YoY) and recurring profit of JPY417mn (+28.9% YoY). The gains were attributable to the solid performance of its vehicle business in Central and South America and new market development in Europe and Africa.

## Full-year company forecast for FY03/21

(JPYmn)	FY03/19			FY03/20			FY03/21
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
<b>Sales</b>	<b>173,171</b>	<b>183,366</b>	<b>356,537</b>	<b>164,370</b>	<b>164,990</b>	<b>329,360</b>	<b>200,000</b>
Cost of sales	159,086	168,865	327,951	149,954	151,096	301,050	
<b>Gross profit</b>	<b>14,084</b>	<b>14,501</b>	<b>28,585</b>	<b>14,416</b>	<b>13,894</b>	<b>28,310</b>	
Gross profit margin	8.1%	7.9%	8.0%	8.8%	8.4%	8.6%	
SG&A expenses	9,973	10,565	20,538	9,797	10,294	20,091	
SG&A ratio	5.8%	5.8%	5.8%	6.0%	6.2%	6.1%	
<b>Operating profit</b>	<b>4,110</b>	<b>3,937</b>	<b>8,047</b>	<b>4,618</b>	<b>3,601</b>	<b>8,219</b>	<b>6,700</b>
Operating profit margin	2.4%	2.1%	2.3%	2.8%	2.2%	2.5%	3.4%
<b>Recurring profit</b>	<b>4,533</b>	<b>4,127</b>	<b>8,660</b>	<b>4,877</b>	<b>3,808</b>	<b>8,685</b>	<b>7,000</b>
Recurring profit margin	2.6%	2.3%	2.4%	3.0%	2.3%	2.6%	3.5%
<b>Net income</b>	<b>2,961</b>	<b>2,669</b>	<b>5,630</b>	<b>3,236</b>	<b>2,865</b>	<b>6,101</b>	<b>4,600</b>
Net margin	1.7%	1.5%	1.6%	2.0%	1.7%	1.9%	2.3%

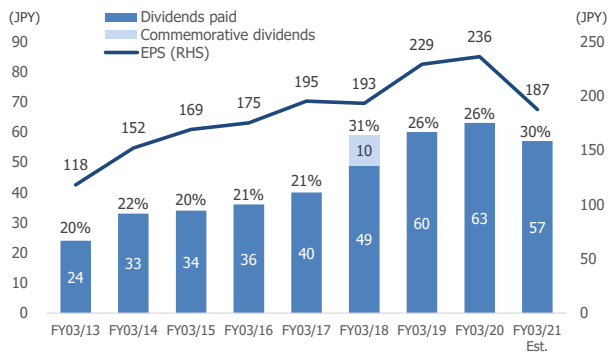
Source: Shared Research based on company data

For FY03/21, the company is forecasting full-year consolidated sales of JPY200.0bn (-39.3% YoY), operating profit of JPY6.7bn (-18.5% YoY), recurring profit of JPY7.0bn (-19.4% YoY), and net income attributable to owners of the parent of JPY4.6bn (-24.6% YoY).

The coronavirus pandemic is weighing heavily on businesses both in Japan and overseas and there is still no end in sight. With trading accounting for more than 70% of consolidated group sales, the company sees sales and earnings being depressed by the fallout from the pandemic both at home and abroad.

At a meeting on May 19, 2020, the company's board of directors approved an increase in its dividend payout ratio to a minimum of 30% of net income. Reflecting this, the company said it plans to pay an annual dividend of JPY57.0 per share for FY03/21, consisting of an interim dividend of JPY28.0 per share and a fiscal year-end dividend of JPY29.0 per share.

## Dividend trends



Source: Shared Research based on company data

## Results versus initial estimates

Results vs. Initial Est. (JPYmm)	FY03/14 Cons.	FY03/15 Cons.	FY03/16 Cons.	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.
Sales (Initial Est.)	230,000	260,000	310,000	300,000	280,000	340,000	370,000
Sales (Results)	244,286	248,396	291,578	270,908	311,705	356,537	329,360
<b>Results vs. Initial Est.</b>	<b>6.2%</b>	<b>-4.5%</b>	<b>-5.9%</b>	<b>-9.7%</b>	<b>11.3%</b>	<b>4.9%</b>	<b>-11.0%</b>
Operating profit (Initial Est.)	6,300	5,800	6,300	6,000	6,800	7,600	8,300
Operating profit (Results)	5,492	5,552	5,369	6,448	7,226	8,047	8,219
<b>Results vs. Initial Est.</b>	<b>-12.8%</b>	<b>-4.3%</b>	<b>-14.8%</b>	<b>7.5%</b>	<b>6.3%</b>	<b>5.9%</b>	<b>-1.0%</b>
Recurring profit (Initial Est.)	6,300	6,200	6,800	6,400	7,200	8,000	9,000
Recurring profit (Results)	5,831	5,966	5,518	6,967	7,499	8,660	8,685
<b>Results vs. Initial Est.</b>	<b>-7.4%</b>	<b>-3.8%</b>	<b>-18.9%</b>	<b>8.9%</b>	<b>4.2%</b>	<b>8.3%</b>	<b>-3.5%</b>
Net income (Initial Est.)	4,000	4,000	4,400	4,400	4,500	5,100	5,800
Net income (Results)	3,715	4,153	4,297	4,780	4,730	5,630	6,101
<b>Results vs. Initial Est.</b>	<b>-7.1%</b>	<b>3.8%</b>	<b>-2.3%</b>	<b>8.6%</b>	<b>5.1%</b>	<b>10.4%</b>	<b>5.2%</b>

Source: Shared Research based on company data

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

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