

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 **May 15, 2020**, Suzumo Machinery Co., Ltd. (Suzumo) announced earnings results for full-year FY03/20.

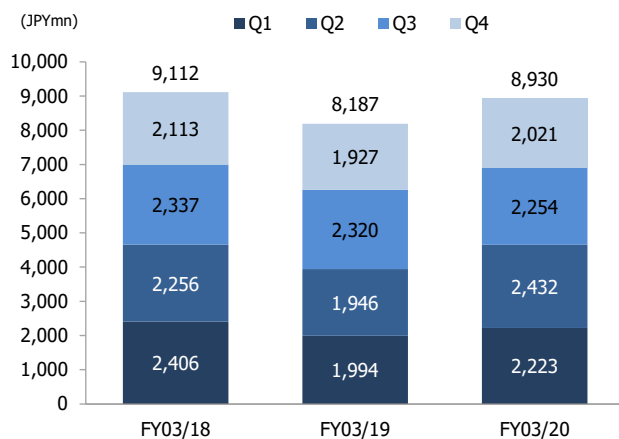
Cumulative (JPYmn)	FY03/19				FY03/20				FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	1,994	3,940	6,260	8,187	2,223	4,655	6,910	8,930	100.0%	8,930
YoY	-17.1%	-15.5%	-10.6%	-10.2%	11.5%	18.2%	10.4%	9.1%		9.1%
Gross profit	983	1,889	3,006	3,919	1,050	2,196	3,321	4,245		
YoY	-16.1%	-16.5%	-12.3%	-10.0%	6.8%	16.2%	10.5%	8.3%		
Gross profit margin	49.3%	48.0%	48.0%	47.9%	47.2%	47.2%	48.1%	47.5%		
SG&A expenses	828	1,664	2,430	3,226	873	1,772	2,608	3,479		
YoY	5.5%	3.3%	2.9%	3.6%	5.4%	6.5%	7.3%	7.8%		
SG&A-to-sales ratio	41.5%	42.2%	38.8%	39.4%	39.3%	38.1%	37.8%	39.0%		
Operating profit	155	225	576	693	177	424	713	766	100.1%	765
YoY	-60.0%	-65.4%	-46.1%	-44.0%	14.5%	88.5%	23.8%	10.5%		10.4%
Operating profit margin	7.8%	5.7%	9.2%	8.5%	8.0%	9.1%	10.3%	8.6%		8.6%
Recurring profit	153	227	581	696	178	425	644	702	100.0%	702
YoY	-60.9%	-65.3%	-45.9%	-43.7%	15.9%	87.1%	10.8%	0.9%		0.9%
Recurring profit margin	7.7%	5.8%	9.3%	8.5%	8.0%	9.1%	9.3%	7.9%		7.9%
Net income	105	155	377	469	-38	162	232	322	100.2%	321
YoY	-57.0%	-64.4%	-47.8%	-43.8%	-	4.1%	-38.3%	-31.4%		-31.5%
Net margin	5.3%	3.9%	6.0%	5.7%	-	3.5%	3.4%	3.6%		3.6%

Quarterly (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales	1,994	1,946	2,320	1,927	2,223	2,432	2,254	2,021
YoY	-17.1%	-13.7%	-0.8%	-8.8%	11.5%	25.0%	-2.8%	4.9%
Gross profit	983	907	1,116	914	1,050	1,146	1,125	924
YoY	-16.1%	-16.8%	-4.4%	-1.1%	6.8%	26.5%	0.8%	1.1%
Gross profit margin	49.3%	46.6%	48.1%	47.4%	47.2%	47.1%	49.9%	45.7%
SG&A expenses	828	836	766	796	873	900	836	871
YoY	5.5%	1.1%	2.2%	5.6%	5.4%	7.6%	9.2%	9.3%
SG&A-to-sales ratio	41.5%	43.0%	33.0%	41.3%	39.3%	37.0%	37.1%	43.1%
Operating profit	155	70	351	117	177	247	289	53
YoY	-60.0%	-73.3%	-16.1%	-31.0%	14.5%	251.4%	-17.7%	-54.9%
Operating profit margin	7.8%	3.6%	15.1%	6.1%	8.0%	10.2%	12.8%	2.6%
Recurring profit	153	74	354	115	178	248	219	58
YoY	-60.9%	-71.7%	-15.7%	-29.5%	15.9%	234.8%	-38.2%	-49.2%
Recurring profit margin	7.7%	3.8%	15.2%	6.0%	8.0%	10.2%	9.7%	2.9%
Net income	105	50	221	92	-38	199	71	89
YoY	-57.0%	-73.9%	-22.2%	-18.0%	-	298.7%	-68.0%	-3.0%
Net margin	5.3%	2.6%	9.5%	4.8%	-	8.2%	3.1%	4.4%

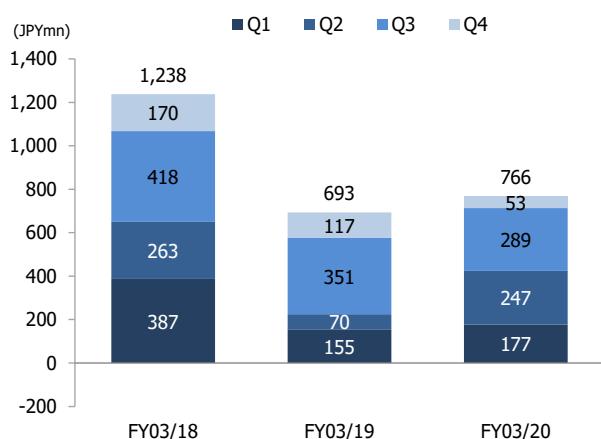
Source: Shared Research, based on company data

Note: Figures above may differ from those shown in company materials due to differences in rounding.

Sales breakdown by quarter



Operating profit breakdown by quarter



Source: Shared Research, based on company data

Full-year FY03/20 results (out May 15)

Full-year FY03/20 results overview (April 2019–March 2020)

- ▷ Sales: JPY8.9bn (+9.1% YoY)
- ▷ Operating profit: JPY766mn (+10.5% YoY)
- ▷ Recurring profit: JPY702mn (+0.9% YoY)
- ▷ Net income* JPY322mn (-31.4% YoY)

* Net income attributable to owners of the parent

- The rise in sales reflected gains in both domestic and overseas sales with domestic sales leading the way, rising 12.2% YoY to JPY6.8bn while overseas sales rose 0.4% YoY to JPY2.2bn. Starting in FY03/20, the company changed its segmentation scheme and now has only one reportable segment, so it no longer discloses information by segment.
- In Japan, the company saw robust performance in terms of replacement and additional installation of compact equipment for existing customers, primarily restaurants and retailers, and of newly developed factory-scale equipment. Domestic sales grew significantly YoY as there was little impact of pullback from the surge in demand ahead of the consumption tax hike in October 2019, and the impact of the novel coronavirus in Q4 (January to March 2020) was limited.
- Overseas sales only grew slightly overall. Sales were strong in North America but declined YoY in Asia due to volatile conditions in the region and the impact of the novel coronavirus pandemic.
- On the earnings front, operating profit grew YoY as sales growth offset an increase in CoGS and SG&A expenses. The OPM also improved 0.1 pp YoY. However, recurring profit growth slowed as the company booked a loss of JPY68mn on investments in equity-method subsidiary Bluefin Trading LLC as non-operating expenses. Net income fell YoY partly due to the booking of JPY150mn in special merit bonuses for retiring directors.

Full-year company forecasts for FY03/21

(JPYmn)	FY03/18			FY03/19			FY03/20			FY03/21
	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	1H Act.	2H Act.	FY Act.	FY Est.
Sales	4,662	4,450	9,112	3,940	4,246	8,187	4,655	4,275	8,930	
YoY	-0.4%	-6.0%	-3.2%	-15.5%	-4.6%	-10.2%	18.2%	0.7%	9.1%	
Cost of goods sold	2,400	2,359	4,759	2,051	2,216	4,267	2,459	2,226	4,685	
Gross profit	2,262	2,091	4,353	1,889	2,030	3,919	2,196	2,048	4,245	
Gross profit margin	48.5%	47.0%	47.8%	48.0%	47.8%	47.9%	47.2%	47.9%	47.5%	
SG&A expenses	1,612	1,503	3,115	1,664	1,562	3,226	1,772	1,707	3,479	
SG&A-to-sales ratio	34.6%	33.8%	34.2%	42.2%	36.8%	39.4%	38.1%	39.9%	39.0%	
Operating profit	650	588	1,238	225	468	693	424	342	766	
YoY	-4.7%	-19.3%	-12.2%	-65.4%	-20.4%	-44.0%	88.5%	-27.0%	10.5%	
Operating profit margin	13.9%	13.2%	13.6%	5.7%	11.0%	8.5%	9.1%	8.0%	8.6%	
Recurring profit	654	583	1,237	227	469	696	425	277	702	
YoY	-4.2%	-20.3%	-12.5%	-65.3%	-19.5%	-43.7%	87.1%	-40.9%	0.9%	
Recurring profit margin	14.0%	13.1%	13.6%	5.8%	11.0%	8.5%	9.1%	6.5%	7.9%	
Net income	436	397	833	155	313	469	162	160	322	
YoY	40.0%	-22.1%	1.5%	-64.4%	-21.0%	-43.8%	4.1%	-48.9%	-31.4%	
Net margin	9.4%	8.9%	9.1%	3.9%	7.4%	5.7%	3.5%	3.7%	3.6%	

Source: Shared Research, based on company data

Note: Figures above may differ from those shown in company materials due to differences in rounding.

Consolidated earnings forecast for FY03/21 remains undetermined

The company did not release an earnings forecast for FY03/21 as of the announcement of FY03/20 results, because it was difficult to reasonably calculate the impact of the novel coronavirus disease. Once the company is able to make a reasonable forecast, it plans to promptly disclose this information.

As of the announcement of FY03/20 results, the company viewed uncertainty in how much demand will recover in its domestic kaiten (conveyor-belt format) sushi chains, restaurants, and cooked rice fast food restaurants even after the national emergency declaration is lifted. Overseas, while certain regions are reopening for economic activity, the recovery of demand has been limited and it is unclear how much desire for investment in retail and restaurants serving Japanese food will exist.

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