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On **June 10, 2020**, Anest Iwata Corporation 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.
<b>Sales</b>	<b>8,523</b>	<b>19,319</b>	<b>28,696</b>	<b>38,807</b>	<b>8,673</b>	<b>19,536</b>	<b>28,202</b>	<b>39,091</b>	<b>100.2%</b>	<b>39,000</b>
YoY	12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%		0.5%
Gross profit	3,894	8,288	12,498	16,777	3,972	8,577	12,195	16,586		
YoY	17.9%	17.4%	20.3%	16.2%	2.0%	3.5%	-2.4%	-1.1%		
GPM	45.7%	42.9%	43.6%	43.2%	45.8%	43.9%	43.2%	42.4%		
SG&A expenses	2,980	5,968	9,064	12,438	3,243	6,355	9,349	12,710		
YoY	17.0%	17.0%	16.9%	17.2%	8.8%	6.5%	3.1%	2.2%		
SG&A ratio	35.0%	30.9%	31.6%	32.0%	37.4%	32.5%	33.2%	32.5%		
<b>Operating profit</b>	<b>915</b>	<b>2,320</b>	<b>3,434</b>	<b>4,339</b>	<b>729</b>	<b>2,222</b>	<b>2,846</b>	<b>3,876</b>	<b>102.0%</b>	<b>3,800</b>
YoY	21.0%	18.6%	30.0%	13.5%	-20.3%	-4.2%	-17.1%	-10.7%		-12.4%
OPM	10.7%	12.0%	12.0%	11.2%	8.4%	11.4%	10.1%	9.9%		9.7%
<b>Recurring profit</b>	<b>985</b>	<b>2,599</b>	<b>3,785</b>	<b>4,701</b>	<b>838</b>	<b>2,353</b>	<b>3,136</b>	<b>4,401</b>	<b>110.0%</b>	<b>4,000</b>
YoY	1.4%	11.0%	18.2%	8.0%	-14.9%	-9.5%	-17.2%	-6.4%		-14.9%
RPM	11.6%	13.5%	13.2%	12.1%	9.7%	12.0%	11.1%	11.3%		10.3%
<b>Net income</b>	<b>641</b>	<b>1,651</b>	<b>2,434</b>	<b>2,948</b>	<b>530</b>	<b>1,484</b>	<b>2,006</b>	<b>2,718</b>	<b>113.2%</b>	<b>2,400</b>
YoY	8.6%	11.8%	20.8%	4.9%	-17.3%	-10.2%	-17.6%	-7.8%		-18.6%
Net margin	7.5%	8.5%	8.5%	7.6%	6.1%	7.6%	7.1%	7.0%		6.2%

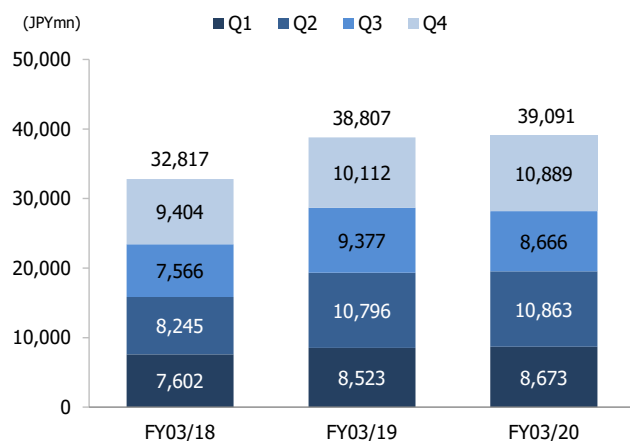
  

Quarterly (JPYmn)	FY03/19				FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Sales</b>	<b>8,523</b>	<b>10,796</b>	<b>9,377</b>	<b>10,112</b>	<b>8,673</b>	<b>10,863</b>	<b>8,666</b>	<b>10,889</b>
YoY	12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%
Gross profit	3,894	4,394	4,210	4,279	3,972	4,605	3,618	4,391
YoY	17.9%	17.0%	26.2%	5.9%	2.0%	4.8%	-14.1%	2.6%
GPM	45.7%	40.7%	44.9%	42.3%	45.8%	42.4%	41.7%	40.3%
SG&A expenses	2,980	2,989	3,096	3,373	3,243	3,112	2,994	3,361
YoY	17.0%	17.0%	16.8%	18.0%	8.8%	4.1%	-3.3%	-0.4%
SG&A ratio	35.0%	27.7%	33.0%	33.4%	37.4%	28.6%	34.6%	30.9%
<b>Operating profit</b>	<b>915</b>	<b>1,405</b>	<b>1,114</b>	<b>905</b>	<b>729</b>	<b>1,493</b>	<b>624</b>	<b>1,030</b>
YoY	21.0%	17.0%	62.6%	-23.4%	-20.3%	6.3%	-44.0%	13.8%
OPM	10.7%	13.0%	11.9%	9.0%	8.4%	13.7%	7.2%	9.5%
<b>Recurring profit</b>	<b>985</b>	<b>1,614</b>	<b>1,186</b>	<b>917</b>	<b>838</b>	<b>1,514</b>	<b>783</b>	<b>1,266</b>
YoY	1.4%	17.8%	37.6%	-20.3%	-14.9%	-6.2%	-34.0%	38.1%
RPM	11.6%	14.9%	12.6%	9.1%	9.7%	13.9%	9.0%	11.6%
<b>Net income</b>	<b>641</b>	<b>1,010</b>	<b>783</b>	<b>514</b>	<b>530</b>	<b>953</b>	<b>522</b>	<b>712</b>
YoY	8.6%	14.0%	45.4%	-35.4%	-17.3%	-5.6%	-33.3%	38.7%
Net margin	7.5%	9.4%	8.3%	5.1%	6.1%	8.8%	6.0%	6.5%

Source: Shared Research based on company data

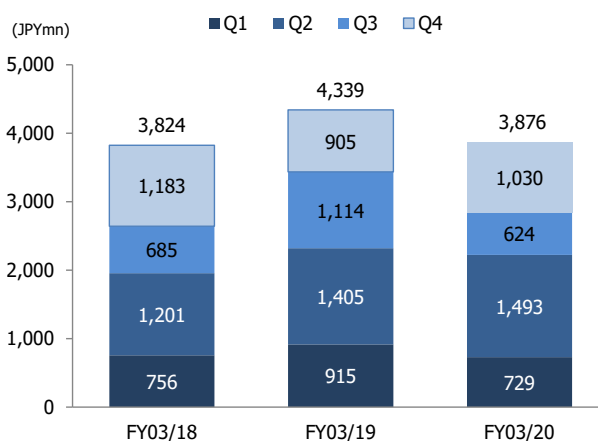
Note: Figures may differ from company materials due to differences in rounding methods.

### Sales by quarter



Source: Shared Research based on company data

### Operating profit by quarter



Source: Shared Research based on company data

Earnings by segment (cumulative) (JPYmn)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total sales</b>		<b>8,523</b>	<b>19,319</b>	<b>28,696</b>	<b>38,807</b>	<b>8,673</b>	<b>19,536</b>	<b>28,202</b>	<b>39,091</b>
YoY		12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%
Japan		3,639	8,508	12,748	17,523	3,603	8,991	12,733	17,736
YoY		-11.6%	-3.4%	1.1%	-2.0%	-1.0%	5.7%	-0.1%	1.2%
% of total sales		42.7%	44.0%	44.4%	45.2%	41.5%	46.0%	45.2%	45.4%
Europe		1,185	2,361	3,364	4,482	1,267	2,381	3,276	4,432
YoY		17.7%	24.1%	19.6%	15.1%	6.9%	0.9%	-2.6%	-1.1%
% of total sales		13.9%	12.2%	11.7%	11.5%	14.6%	12.2%	11.6%	11.3%
Asia		2,570	5,973	8,900	11,854	2,633	5,902	8,791	11,851
YoY		89.6%	104.0%	91.0%	78.5%	2.5%	-1.2%	-1.2%	0.0%
% of total sales		30.2%	30.9%	31.0%	30.5%	30.4%	30.2%	31.2%	30.3%
Other		1,129	2,477	3,683	4,948	1,169	2,261	3,402	5,073
YoY		0.3%	12.0%	10.6%	12.3%	3.6%	-8.7%	-7.6%	2.5%
% of total sales		13.2%	12.8%	12.8%	12.8%	13.5%	11.6%	12.1%	13.0%
<b>Segment profit</b>		<b>1,180</b>	<b>2,831</b>	<b>4,226</b>	<b>5,484</b>	<b>984</b>	<b>2,705</b>	<b>3,672</b>	<b>4,949</b>
YoY		8.4%	8.6%	16.1%	9.4%	-16.6%	-4.4%	-13.1%	-9.7%
Japan		796	1,957	2,958	3,958	524	1,788	2,412	3,406
YoY		-3.7%	-4.0%	6.7%	-1.7%	-34.3%	-8.7%	-18.5%	-14.0%
Segment profit margin		21.9%	23.0%	23.2%	22.6%	14.5%	19.9%	18.9%	19.2%
Europe		141	195	205	167	134	200	234	236
YoY		15.9%	15.2%	-7.1%	-22.2%	-5.0%	2.5%	14.3%	41.9%
Segment profit margin		11.9%	8.3%	6.1%	3.7%	10.6%	8.4%	7.1%	5.3%
Asia		188	579	907	1,162	259	615	868	1,122
YoY		164.0%	133.3%	99.2%	73.9%	37.6%	6.2%	-4.2%	-3.5%
Segment profit margin		7.3%	9.7%	10.2%	9.8%	9.8%	10.4%	9.9%	9.5%
Other		55	100	156	197	68	103	157	185
YoY		-20.7%	-34.0%	-18.1%	92.6%	23.9%	3.5%	0.8%	-5.9%
Segment profit margin		4.9%	4.0%	4.2%	4.0%	5.8%	4.6%	4.6%	3.7%

Earnings by segment (quarterly) (JPYmn)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total sales</b>		<b>8,523</b>	<b>10,796</b>	<b>9,377</b>	<b>10,112</b>	<b>8,673</b>	<b>10,863</b>	<b>8,666</b>	<b>10,889</b>
YoY		12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%
Japan		3,639	4,869	4,240	4,775	3,603	5,388	3,742	5,003
YoY		-11.6%	3.8%	11.4%	-9.3%	-1.0%	10.7%	-11.7%	4.8%
% of total sales		42.7%	45.1%	45.2%	47.2%	41.5%	49.6%	43.2%	45.9%
Europe		1,185	1,176	1,003	1,118	1,267	1,114	894	1,156
YoY		17.7%	31.3%	10.2%	3.5%	6.9%	-5.2%	-10.9%	3.4%
% of total sales		13.9%	10.9%	10.7%	11.1%	14.6%	10.3%	10.3%	10.6%
Asia		2,570	3,403	2,927	2,954	2,633	3,269	2,889	3,060
YoY		89.6%	116.4%	69.1%	49.0%	2.5%	-3.9%	-1.3%	3.6%
% of total sales		30.2%	31.5%	31.2%	29.2%	30.4%	30.1%	33.3%	28.1%
Other		1,129	1,348	1,207	1,265	1,169	1,092	1,141	1,670
YoY		0.3%	24.1%	7.9%	17.3%	3.6%	-19.0%	-5.4%	32.1%
% of total sales		13.2%	12.5%	12.9%	12.5%	13.5%	10.1%	13.2%	15.3%
<b>Segment profit</b>		<b>1,180</b>	<b>1,651</b>	<b>1,395</b>	<b>1,258</b>	<b>984</b>	<b>1,721</b>	<b>967</b>	<b>1,278</b>
YoY		21.0%	17.0%	62.6%	-23.4%	-20.3%	6.3%	-44.0%	13.8%
Japan		796	1,161	1,001	1,000	524	1,264	625	993
YoY		-3.7%	-4.2%	36.1%	-20.2%	-34.3%	8.9%	-37.6%	-0.7%
Segment profit margin		21.9%	23.8%	23.6%	20.9%	14.5%	23.5%	16.7%	19.9%
Europe		141	54	10	-38	134	66	34	2
YoY		15.9%	13.3%	-80.9%	-	-5.0%	22.3%	249.7%	-
Segment profit margin		11.9%	4.6%	1.0%	-3.4%	10.6%	5.9%	3.8%	0.2%
Asia		188	391	328	256	259	356	253	254
YoY		164.0%	121.0%	58.3%	19.9%	37.6%	-8.9%	-22.7%	-0.7%
Segment profit margin		7.3%	11.5%	11.2%	8.7%	9.8%	10.9%	8.8%	8.3%
Other		55	45	57	41	68	35	54	28
YoY		-20.7%	-45.3%	42.2%	-	23.9%	-21.5%	-4.0%	-31.3%
Segment profit margin		4.9%	3.3%	4.7%	3.2%	5.8%	3.2%	4.8%	1.7%

Source: Shared Research based on company data

Note: Figures are shifted by three months in some cases, as companies in Japan and India have fiscal year-ends in March, while December is the fiscal year end in other regions

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

Sales by product (cumulative) (JPYmn)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total sales</b>		<b>8,523</b>	<b>19,319</b>	<b>28,696</b>	<b>38,807</b>	<b>8,673</b>	<b>19,536</b>	<b>28,202</b>	<b>39,091</b>
YoY		12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%
Air Energy		5,232	11,216	17,105	23,054	5,208	11,318	16,537	22,223
YoY		25.5%	28.1%	30.7%	27.1%	-0.5%	0.9%	-3.3%	-3.6%
% of total sales		61.4%	58.1%	59.6%	59.4%	60.1%	57.9%	58.6%	56.8%
Compressors		4,813	10,288	15,760	21,213	4,825	10,590	15,417	20,669
YoY		29.5%	31.6%	34.3%	30.3%	0.2%	2.9%	-2.2%	-2.6%
% of total sales		56.5%	53.3%	54.9%	54.7%	55.6%	54.2%	54.7%	52.9%
Vacuum equipment		419	928	1,344	1,841	384	727	1,120	1,554
YoY		-7.9%	-1.6%	-0.4%	-0.5%	-8.5%	-21.7%	-16.7%	-15.6%
% of total sales		4.9%	4.8%	4.7%	4.7%	4.4%	3.7%	4.0%	4.0%
Coating Equipment & Systems		3,291	8,103	11,591	15,753	3,464	8,217	11,663	16,866
YoY		-4.1%	14.3%	12.2%	7.3%	5.3%	1.4%	0.6%	7.1%
% of total sales		38.6%	41.9%	40.4%	40.6%	39.9%	42.1%	41.4%	43.1%
Coating equipment		3,070	6,541	9,597	13,107	3,257	6,594	9,376	12,832
YoY		7.8%	9.9%	8.8%	8.6%	6.1%	0.8%	-2.3%	-2.1%
% of total sales		36.0%	33.9%	33.4%	33.8%	37.6%	33.8%	33.2%	32.8%
Coating systems		221	1,561	1,994	2,646	208	1,623	2,286	4,034
YoY		-62.3%	37.2%	32.2%	1.4%	-6.0%	4.0%	14.6%	52.5%
% of total sales		2.6%	8.1%	6.9%	6.8%	2.4%	8.3%	8.1%	10.3%

Sales by product (quarterly) (JPYmn)		FY03/19				FY03/20			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Total sales</b>		<b>8,523</b>	<b>10,796</b>	<b>9,377</b>	<b>10,112</b>	<b>8,673</b>	<b>10,863</b>	<b>8,666</b>	<b>10,889</b>
YoY		12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%
Air Energy		5,232	5,984	5,888	5,950	5,208	6,110	5,219	5,686
YoY		25.5%	30.4%	36.0%	17.9%	-0.5%	2.1%	-11.4%	-4.4%
% of total sales		61.4%	55.4%	62.8%	58.8%	60.1%	56.2%	60.2%	52.2%
Compressors		4,813	5,475	5,472	5,453	4,825	5,765	4,827	5,252
YoY		29.5%	33.6%	39.5%	19.9%	0.2%	5.3%	-11.8%	-3.7%
% of total sales		56.5%	50.7%	58.4%	53.9%	55.6%	53.1%	55.7%	48.2%
Vacuum equipment		419	509	416	497	384	343	393	434
YoY		-7.9%	4.2%	2.4%	-0.8%	-8.5%	-32.6%	-5.5%	-12.7%
% of total sales		4.9%	4.7%	4.4%	4.9%	4.4%	3.2%	4.5%	4.0%
Coating Equipment & Systems		3,291	4,812	3,489	4,162	3,464	4,753	3,446	5,203
YoY		-4.1%	31.6%	7.8%	-4.5%	5.3%	-1.2%	-1.2%	25.0%
% of total sales		38.6%	44.6%	37.2%	41.2%	39.9%	43.8%	39.8%	47.8%
Coating equipment		3,070	3,472	3,056	3,510	3,257	3,337	2,782	3,456
YoY		7.8%	11.8%	6.6%	7.8%	6.1%	-3.9%	-9.0%	-1.5%
% of total sales		36.0%	32.2%	32.6%	34.7%	37.6%	30.7%	32.1%	31.7%
Coating systems		221	1,340	433	652	208	1,415	663	1,748
YoY		-62.3%	142.3%	17.1%	-40.8%	-6.0%	5.6%	53.1%	168.2%
% of total sales		2.6%	12.4%	4.6%	6.4%	2.4%	13.0%	7.7%	16.1%

Source: Shared Research based on company data

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

## Full-year FY03/20 results (out June 10, 2020)

### Overview

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

- ▷ Sales JPY38.1bn (+0.7% YoY)
- ▷ Operating profit JPY3.9bn (-10.7% YoY)
- ▷ Recurring profit JPY4.4bn (-6.4% YoY)
- ▷ Net income\* JPY2.7bn (-7.8% YoY)
- ▷ \* Net income refers to net income attributable to owners of the parent

- ▷ Reason for sales increase and operating profit decline: The Air Energy business saw a 3.6% YoY decline in sales while the Coating business maintained sales growth with a 7.1% YoY increase. On the profit front, however, increased sales of coating systems in the Coating business that drove sales growth, coupled with lower sales of mainstay products such as compressors and coating equipment led to a 1.0pp decline in CoGS ratio. In addition, operating profit fell due to a JPY272mn increase in SG&A expenses as a result of growth investment in preparation for its 100-year anniversary.

### Performance by product category

#### Air Energy business

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

- ▷ Sales: JPY22.2bn (-3.6% YoY)
- ▷ Operating profit: JPY1.8bn (N/A, company started disclosing in 1H FY03/20)
- ▷ OPM: 8.0%

- ▷ Compressors: Full-year FY03/20 sales of JPY20.7bn (-2.6% YoY)
- ▷ Sales of small general-purpose compressors were sluggish in all areas except for Europe.
- ▷ Vacuum equipment: Full-year FY03/20 sales of JPY1.6bn (-15.6% YoY)
- ▷ Sales grew in the US as the company expanded its customer base to equipment manufacturers. However, sales in Europe and Japan continued on a declining trend.

#### Coating business

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

- ▷ Sales: JPY16.9bn (+7.1% YoY)
- ▷ Operating profit: JPY2.1bn (N/A, company started disclosing in 1H FY03/20)
- ▷ OPM: 12.5%

- ▷ Coating equipment: Full-year FY03/20 sales of JPY12.8bn (-2.1% YoY)
- ▷ Sales declined in all regions, including Asia, due to sluggish demand stemming from US–China trade frictions.
- ▷ Coating systems: Full-year FY03/20 sales of JPY4.0bn (+52.5% YoY)
- ▷ Sales grew substantially in all regions, led by Japan, mainly supported by deliveries to the auto parts market

**Performance by segment**

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

- ▷ Japan: Sales of JPY17.7bn (+1.2% YoY) to external customers and segment profit of JPY3.4bn (-14.0% YoY)
- ▷ Europe: Sales of JPY4.4bn (-1.1% YoY) to external customers and segment profit of JPY236mn (+41.9% YoY)
- ▷ Asia: Sales of JPY11.9bn (-0.0% YoY) to external customers and segment profit of JPY1.1bn (-3.5% YoY)
- ▷ Other (including US, Mexico, Brazil): Sales of JPY5.1bn (+2.5% YoY) and segment profit of JPY185mn (-5.9% YoY)
- ▷ Regional trends: Sales in Japan were up slightly as growth in coating systems in the Coating business offset sluggish performance in the Air Energy business. In Europe, although the company carried out various promotional activities for coating equipment, sales fell as demand for vacuum pumps by OEM customers continued to decline. In Asia, sales of coating equipment declined due to a slowdown in the automobile production market in India and Southeast Asia. However, overall sales were flat YoY thanks to orders for coating systems from auto parts and woodwork product manufacturers. In other regions, sales of vacuum equipment increased as the company expanded its customer base to equipment manufacturers and large-scale research facilities in the US. Additionally, orders and deliveries of large coating systems from auto parts manufacturers in Mexico contributed.

**Company forecast 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.
<b>Sales</b>	<b>15,847</b>	<b>16,970</b>	<b>32,817</b>	<b>19,319</b>	<b>19,488</b>	<b>38,807</b>	<b>19,536</b>	<b>19,556</b>	<b>39,091</b>	<b>30,000</b>
YoY	9.6%	12.5%	11.1%	21.9%	14.8%	18.3%	1.1%	0.3%	0.7%	-23.3%
Cost of goods sold	8,790	9,595	18,384	11,031	10,999	22,030	10,959	11,547	22,505	
<b>Gross profit</b>	<b>7,058</b>	<b>7,375</b>	<b>14,433</b>	<b>8,288</b>	<b>8,489</b>	<b>16,777</b>	<b>8,577</b>	<b>8,009</b>	<b>16,586</b>	
Gross profit margin	44.5%	43.5%	44.0%	42.9%	43.6%	43.2%	43.9%	41.0%	42.4%	
<b>SG&amp;A expenses</b>	<b>5,101</b>	<b>5,507</b>	<b>10,609</b>	<b>5,968</b>	<b>6,469</b>	<b>12,438</b>	<b>6,355</b>	<b>6,355</b>	<b>12,710</b>	
SG&A-to-sales ratio	32.2%	32.5%	32.3%	30.9%	33.2%	32.0%	32.5%	32.5%	32.5%	
<b>Operating profit</b>	<b>1,957</b>	<b>1,868</b>	<b>3,824</b>	<b>2,320</b>	<b>2,020</b>	<b>4,339</b>	<b>2,222</b>	<b>1,654</b>	<b>3,876</b>	<b>500</b>
YoY	4.9%	0.0%	2.4%	18.6%	8.1%	13.5%	-4.2%	-18.1%	-10.7%	-87.1%
Operating profit margin	12.3%	11.0%	11.7%	12.0%	10.4%	11.2%	11.4%	8.5%	9.9%	1.7%
<b>Recurring profit</b>	<b>2,341</b>	<b>2,011</b>	<b>4,352</b>	<b>2,599</b>	<b>2,102</b>	<b>4,701</b>	<b>2,353</b>	<b>2,049</b>	<b>4,401</b>	<b>800</b>
YoY	26.2%	-11.9%	5.2%	11.0%	4.5%	8.0%	-9.5%	-2.5%	-6.4%	-81.8%
Recurring profit margin	14.8%	11.9%	13.3%	13.5%	10.8%	12.1%	12.0%	10.5%	11.3%	2.7%
<b>Net income</b>	<b>1,477</b>	<b>1,333</b>	<b>2,810</b>	<b>1,651</b>	<b>1,296</b>	<b>2,948</b>	<b>1,484</b>	<b>1,234</b>	<b>2,718</b>	<b>650</b>
YoY	-12.0%	-22.6%	-17.4%	11.8%	-2.8%	4.9%	-10.2%	-4.8%	-7.8%	-76.1%
Net margin	9.3%	7.9%	8.6%	8.5%	6.7%	7.6%	7.6%	6.3%	7.0%	2.2%

Source: Shared Research based on company data

**Full-year FY03/21 forecast**

Sales: JPY30.0bn

Operating profit: JPY500mn

Recurring profit: JPY800mn

Net income\*: JPY650mn

EPS: JPY15.57

\* Net income refers to net income attributable to owners of the parent

**Earnings forecast**

Due to the impact of the novel coronavirus outbreak, the company anticipates tightening demand from its main customers in the industrial machinery, automotive manufacturing and auto parts, and auto maintenance and repair industries. As of the end of May 2020, the company had introduced teleworking at all its global offices, including for sales activities, and its Fukushima and Akita factories were operating normally. As for overseas production and logistics-related activities, the company noted that all operations in China are back to normal. However, normalization is taking some time in other areas, with factories and logistics in

Europe gradually resuming operations in May, factories in the Americas operating on shortened hours, and partial operations in India resuming. The company did not disclose its 1H FY03/21 earnings forecast.

The forecast for each region is as follows:

Japan: With a large percentage of compressor products geared for the general-purpose market, and the 2H outlook for coating systems being unclear, the company expects both the Air Energy and Coating businesses to recover in 2H. However, it still expects a 30% YoY decline in sales overall.

Asia: Although the company's Chinese business is already on a recovery track, it expects sales to fall short of FY03/20 levels. The company forecasts a sales decline of 20% YoY as it expects a slower recovery in India and ASEAN countries.

Europe: The company forecasts a sales decline of 20% YoY as it expects recovery from 2Hd to take some time.

North America and other regions: While the company expects sales of compressors for the medical industry to be strong, it forecasts a sales decline of 20% YoY as in Europe.

Shared Research plans to provide more details following interviews with the company.

#### Initial forecast vs results

Results vs. Initial Est. (JPYmn)	FY03/11 Cons.	FY03/12 Cons.	FY03/13 Cons.	FY03/14 Cons.	FY03/15 Cons.	FY03/16 Cons.	FY03/17 Cons.	FY03/18 Cons.	FY03/19 Cons.	FY03/20 Cons.
Sales (Initial Est.)	21,000	24,000	24,000	24,000	26,000	28,500	30,000	31,500	36,000	40,000
Sales (Results)	20,171	21,212	22,541	25,457	27,429	29,525	29,549	32,817	38,807	39,091
<b>Results vs. Initial Est.</b>	<b>-3.9%</b>	<b>-11.6%</b>	<b>-6.1%</b>	<b>6.1%</b>	<b>5.5%</b>	<b>3.6%</b>	<b>-1.5%</b>	<b>4.2%</b>	<b>7.8%</b>	<b>-2.3%</b>
Operating profit (Initial Est.)	1,800	2,800	3,000	2,800	3,400	3,300	3,600	3,900	4,000	4,400
Operating profit (Results)	2,144	2,044	2,110	2,941	3,199	3,797	3,733	3,824	4,339	3,876
<b>Results vs. Initial Est.</b>	<b>19.1%</b>	<b>-27.0%</b>	<b>-29.7%</b>	<b>5.0%</b>	<b>-5.9%</b>	<b>15.0%</b>	<b>3.7%</b>	<b>-1.9%</b>	<b>8.5%</b>	<b>-11.9%</b>
Recurring profit (Initial Est.)	1,850	3,200	3,200	3,000	3,600	3,850	3,900	4,200	4,400	4,800
Recurring profit (Results)	2,326	2,265	2,638	3,580	3,716	4,139	4,139	4,352	4,701	4,401
<b>Results vs. Initial Est.</b>	<b>25.7%</b>	<b>-29.2%</b>	<b>-17.6%</b>	<b>19.3%</b>	<b>3.2%</b>	<b>7.5%</b>	<b>6.1%</b>	<b>3.6%</b>	<b>6.8%</b>	<b>-8.3%</b>
Net income (Initial Est.)	1,100	1,800	2,000	1,800	2,200	2,330	2,800	2,700	2,820	3,100
Net income (Results)	1,379	1,322	1,780	2,182	2,215	2,594	3,401	2,810	2,948	2,718
<b>Results vs. Initial Est.</b>	<b>25.4%</b>	<b>-26.5%</b>	<b>-11.0%</b>	<b>21.2%</b>	<b>0.7%</b>	<b>11.3%</b>	<b>21.5%</b>	<b>4.1%</b>	<b>4.5%</b>	<b>-12.3%</b>

Source: Shared Research based on company data

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

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

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