

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.

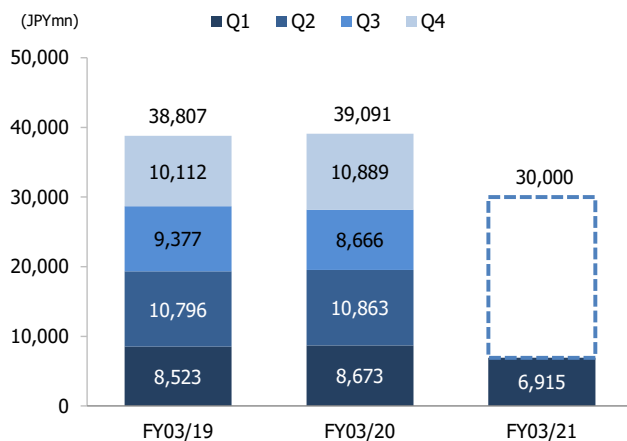
On **August 6, 2020**, Anest Iwata Corporation announced earnings results for Q1 FY03/21.

Cumulative (JPYmn)	FY03/19				FY03/20				FY03/21	FY03/20	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est.	FY Est.
Sales	8,523	19,319	28,696	38,807	8,673	19,536	28,202	39,091	6,915	23.0%	30,000
YoY	12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%	-20.3%		-23.3%
Gross profit	3,894	8,288	12,498	16,777	3,972	8,577	12,195	16,586	3,152		
YoY	17.9%	17.4%	20.3%	16.2%	2.0%	3.5%	-2.4%	-1.1%	-20.7%		
GPM	45.7%	42.9%	43.6%	43.2%	45.8%	43.9%	43.2%	42.4%	45.6%		
SG&A expenses	2,980	5,968	9,064	12,438	3,243	6,355	9,349	12,710	2,741		
YoY	17.0%	17.0%	16.9%	17.2%	8.8%	6.5%	3.1%	2.2%	-15.5%		
SG&A ratio	35.0%	30.9%	31.6%	32.0%	37.4%	32.5%	33.2%	32.5%	39.6%		
Operating profit	915	2,320	3,434	4,339	729	2,222	2,846	3,876	410	82.1%	500
YoY	21.0%	18.6%	30.0%	13.5%	-20.3%	-4.2%	-17.1%	-10.7%	-43.7%		-87.1%
OPM	10.7%	12.0%	12.0%	11.2%	8.4%	11.4%	10.1%	9.9%	5.9%		1.7%
Recurring profit	985	2,599	3,785	4,701	838	2,353	3,136	4,401	562	70.2%	800
YoY	1.4%	11.0%	18.7%	8.0%	-14.9%	-9.5%	-17.2%	-6.4%	-33.0%		-81.8%
RPM	11.6%	13.5%	13.2%	12.1%	9.7%	12.0%	11.1%	11.3%	8.1%		2.7%
Net income	641	1,651	2,434	2,948	530	1,484	2,006	2,718	435	66.9%	650
YoY	8.6%	11.8%	20.8%	4.9%	-17.3%	-10.2%	-17.6%	-7.8%	-18.0%		-76.1%
Net margin	7.5%	8.5%	8.5%	7.6%	6.1%	7.6%	7.1%	7.0%	6.3%		2.2%

Quarterly (JPYmn)	FY03/19				FY03/20				FY03/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	8,523	10,796	9,377	10,112	8,673	10,863	8,666	10,889	6,915
YoY	12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%	-20.3%
Gross profit	3,894	4,394	4,210	4,279	3,972	4,605	3,618	4,391	3,152
YoY	17.9%	17.0%	26.2%	5.9%	2.0%	4.8%	-14.1%	2.6%	-20.7%
GPM	45.7%	40.7%	44.9%	42.3%	45.8%	42.4%	41.7%	40.3%	45.6%
SG&A expenses	2,980	2,989	3,096	3,373	3,243	3,112	2,994	3,361	2,741
YoY	17.0%	17.0%	16.8%	18.0%	8.8%	4.1%	-3.3%	-0.4%	-15.5%
SG&A ratio	35.0%	27.7%	33.0%	33.4%	37.4%	28.6%	34.6%	30.9%	39.6%
Operating profit	915	1,405	1,114	905	729	1,493	624	1,030	410
YoY	21.0%	17.0%	62.6%	-23.4%	-20.3%	6.3%	-44.0%	13.8%	-43.7%
OPM	10.7%	13.0%	11.9%	9.0%	8.4%	13.7%	7.2%	9.5%	5.9%
Recurring profit	985	1,614	1,186	917	838	1,514	783	1,266	562
YoY	1.4%	17.8%	37.6%	-20.3%	-14.9%	-6.2%	-34.0%	38.1%	-33.0%
RPM	11.6%	14.9%	12.6%	9.1%	9.7%	13.9%	9.0%	11.6%	8.1%
Net income	641	1,010	783	514	530	953	522	712	435
YoY	8.6%	14.0%	45.4%	-35.4%	-17.3%	-5.6%	-33.3%	38.7%	-18.0%
Net margin	7.5%	9.4%	8.3%	5.1%	6.1%	8.8%	6.0%	6.5%	6.3%

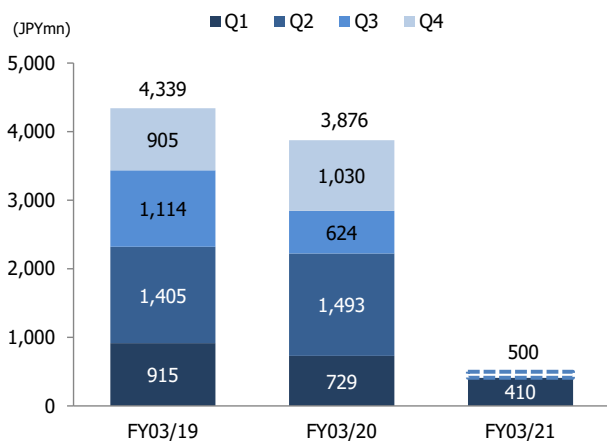
Source: Shared Research based on company data
Note: Figures may differ from company materials due to differences in rounding methods.

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)		FY03/19				FY03/20				FY03/21
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total sales		8,523	19,319	28,696	38,807	8,673	19,536	28,202	39,091	6,915
YoY		12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%	-20.3%
Japan		3,639	8,508	12,748	17,523	3,603	8,991	12,733	17,736	2,895
YoY		-11.6%	-3.4%	1.1%	-2.0%	-1.0%	5.7%	-0.1%	1.2%	-19.7%
% of total sales		42.7%	44.0%	44.4%	45.2%	41.5%	46.0%	45.2%	45.4%	41.9%
Europe		1,185	2,361	3,364	4,482	1,267	2,381	3,276	4,432	1,142
YoY		17.7%	24.1%	19.6%	15.1%	6.9%	0.9%	-2.6%	-1.1%	-9.9%
% of total sales		13.9%	12.2%	11.7%	11.5%	14.6%	12.2%	11.6%	11.3%	16.5%
Asia		2,570	5,973	8,900	11,854	2,633	5,902	8,791	11,851	1,692
YoY		89.6%	104.0%	91.0%	78.5%	2.5%	-1.2%	-1.2%	0.0%	-35.7%
% of total sales		30.2%	30.9%	31.0%	30.5%	30.4%	30.2%	31.2%	30.3%	24.5%
Other		1,129	2,477	3,683	4,948	1,169	2,261	3,402	5,073	1,186
YoY		0.3%	12.0%	10.6%	12.3%	3.6%	-8.7%	-7.6%	2.5%	1.4%
% of total sales		13.2%	12.8%	12.8%	12.8%	13.5%	11.6%	12.1%	13.0%	17.1%
Segment profit		1,180	2,831	4,226	5,484	984	2,705	3,672	4,949	688
YoY		8.4%	8.6%	16.1%	9.4%	-16.6%	-4.4%	-13.1%	-9.7%	-30.1%
Japan		796	1,957	2,958	3,958	524	1,788	2,412	3,406	511
YoY		-3.7%	-4.0%	6.7%	-1.7%	-34.3%	-8.7%	-18.5%	-14.0%	-2.4%
Segment profit margin		21.9%	23.0%	23.2%	22.6%	14.5%	19.9%	18.9%	19.2%	17.7%
Europe		141	195	205	167	134	200	234	236	101
YoY		15.9%	15.2%	-7.1%	-22.2%	-5.0%	2.5%	14.3%	41.9%	-24.4%
Segment profit margin		11.9%	8.3%	6.1%	3.7%	10.6%	8.4%	7.1%	5.3%	8.9%
Asia		188	579	907	1,162	259	615	868	1,122	4
YoY		164.0%	133.3%	99.2%	73.9%	37.6%	6.2%	-4.2%	-3.5%	-98.3%
Segment profit margin		7.3%	9.7%	10.2%	9.8%	9.8%	10.4%	9.9%	9.5%	0.3%
Other		55	100	156	197	68	103	157	185	71
YoY		-20.7%	-34.0%	-18.1%	92.6%	23.9%	3.5%	0.8%	-5.9%	4.2%
Segment profit margin		4.9%	4.0%	4.2%	4.0%	5.8%	4.6%	4.6%	3.7%	6.0%
Earnings by segment (quarterly)		FY03/19				FY03/20				FY03/21
(JPYmn)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total sales		8,523	10,796	9,377	10,112	8,673	10,863	8,666	10,889	6,915
YoY		12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%	-20.3%
Japan		3,639	4,869	4,240	4,775	3,603	5,388	3,742	5,003	2,895
YoY		-11.6%	3.8%	11.4%	-9.3%	-1.0%	10.7%	-11.7%	4.8%	-19.7%
% of total sales		42.7%	45.1%	45.2%	47.2%	41.5%	49.6%	43.2%	45.9%	41.9%
Europe		1,185	1,176	1,003	1,118	1,267	1,114	894	1,156	1,142
YoY		17.7%	31.3%	10.2%	3.5%	6.9%	-5.2%	-10.9%	3.4%	-9.9%
% of total sales		13.9%	10.9%	10.7%	11.1%	14.6%	10.3%	10.3%	10.6%	16.5%
Asia		2,570	3,403	2,927	2,954	2,633	3,269	2,889	3,060	1,692
YoY		89.6%	116.4%	69.1%	49.0%	2.5%	-3.9%	-1.3%	3.6%	-35.7%
% of total sales		30.2%	31.5%	31.2%	29.2%	30.4%	30.1%	33.3%	28.1%	24.5%
Other		1,129	1,348	1,207	1,265	1,169	1,092	1,141	1,670	1,186
YoY		0.3%	24.1%	7.9%	17.3%	3.6%	-19.0%	-5.4%	32.1%	1.4%
% of total sales		13.2%	12.5%	12.9%	12.5%	13.5%	10.1%	13.2%	15.3%	17.1%
Segment profit		1,180	1,651	1,395	1,258	984	1,721	967	1,278	688
YoY		21.0%	17.0%	62.6%	-23.4%	-20.3%	6.3%	-44.0%	13.8%	-43.7%
Japan		796	1,161	1,001	1,000	524	1,264	625	993	511
YoY		-3.7%	-4.2%	36.1%	-20.2%	-34.3%	8.9%	-37.6%	-0.7%	-2.4%
Segment profit margin		21.9%	23.8%	23.6%	20.9%	14.5%	23.5%	16.7%	19.9%	17.7%
Europe		141	54	10	-38	134	66	34	2	101
YoY		15.9%	13.3%	-80.9%	-	-5.0%	22.3%	249.7%	-	-24.4%
Segment profit margin		11.9%	4.6%	1.0%	-3.4%	10.6%	5.9%	3.8%	0.2%	8.9%
Asia		188	391	328	256	259	356	253	254	4
YoY		164.0%	121.0%	58.3%	19.9%	37.6%	-8.9%	-22.7%	-0.7%	-98.3%
Segment profit margin		7.3%	11.5%	11.2%	8.7%	9.8%	10.9%	8.8%	8.3%	0.3%
Other		55	45	57	41	68	35	54	28	71
YoY		-20.7%	-45.3%	42.2%	-	23.9%	-21.5%	-4.0%	-31.3%	4.2%
Segment profit margin		4.9%	3.3%	4.7%	3.2%	5.8%	3.2%	4.8%	1.7%	6.0%

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)		FY03/19				FY03/20				FY03/21
(JPYmm)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total sales		8,523	19,319	28,696	38,807	8,673	19,536	28,202	39,091	6,915
YoY		12.1%	21.9%	22.6%	18.3%	1.8%	1.1%	-1.7%	0.7%	-20.3%
Air Energy		5,232	11,216	17,105	23,054	5,208	11,318	16,537	22,224	4,042
YoY		25.5%	28.1%	30.7%	27.1%	-0.5%	0.9%	-3.3%	-3.6%	-22.4%
% of total sales		61.4%	58.1%	59.6%	59.4%	60.1%	57.9%	58.6%	56.9%	58.5%
Compressors		4,813	10,288	15,760	21,213	4,825	10,590	15,417	20,669	3,772
YoY		29.5%	31.6%	34.3%	30.3%	0.2%	2.9%	-2.2%	-2.6%	-21.8%
% of total sales		56.5%	53.3%	54.9%	54.7%	55.6%	54.2%	54.7%	52.9%	54.6%
Vacuum equipment		419	928	1,344	1,841	384	727	1,120	1,554	270
YoY		-7.9%	-1.6%	-0.4%	-0.5%	-8.5%	-21.7%	-16.7%	-15.6%	-29.6%
% of total sales		4.9%	4.8%	4.7%	4.7%	4.4%	3.7%	4.0%	4.0%	3.9%
Coating Equipment & Systems		3,291	8,103	11,591	15,753	3,464	8,217	11,663	16,866	2,871
YoY		-4.1%	14.3%	12.2%	7.3%	5.3%	1.4%	0.6%	7.1%	-17.1%
% of total sales		38.6%	41.9%	40.4%	40.6%	39.9%	42.1%	41.4%	43.1%	41.5%
Coating equipment		3,070	6,541	9,597	13,107	3,257	6,594	9,376	12,832	2,707
YoY		7.8%	9.9%	8.8%	8.6%	6.1%	0.8%	-2.3%	-2.1%	-16.9%
% of total sales		36.0%	33.9%	33.4%	33.8%	37.6%	33.8%	33.2%	32.8%	39.1%
Coating systems		221	1,561	1,994	2,646	208	1,623	2,286	4,034	164
YoY		-62.3%	37.2%	32.2%	1.4%	-6.0%	4.0%	14.6%	52.5%	-21.0%
% of total sales		2.6%	8.1%	6.9%	6.8%	2.4%	8.3%	8.1%	10.3%	2.4%

Sales by product (quarterly)		FY03/19				FY03/20				FY03/21
(JPYmm)		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Total sales		8,523	10,796	9,377	10,112	8,673	10,863	8,666	10,889	6,915
YoY		12.1%	30.9%	23.9%	7.5%	1.8%	0.6%	-7.6%	7.7%	-20.3%
Air Energy		5,232	5,984	5,888	5,950	5,208	6,110	5,219	5,687	4,042
YoY		25.5%	30.4%	36.0%	17.9%	-0.5%	2.1%	-11.4%	-4.4%	-22.4%
% of total sales		61.4%	55.4%	62.8%	58.8%	60.1%	56.2%	60.2%	52.2%	58.5%
Compressors		4,813	5,475	5,472	5,453	4,825	5,765	4,827	5,252	3,772
YoY		29.5%	33.6%	39.5%	19.9%	0.2%	5.3%	-11.8%	-3.7%	-21.8%
% of total sales		56.5%	50.7%	58.4%	53.9%	55.6%	53.1%	55.7%	48.2%	54.6%
Vacuum equipment		419	509	416	497	384	343	393	434	270
YoY		-7.9%	4.2%	2.4%	-0.8%	-8.5%	-32.6%	-5.5%	-12.7%	-29.6%
% of total sales		4.9%	4.7%	4.4%	4.9%	4.4%	3.2%	4.5%	4.0%	3.9%
Coating Equipment & Systems		3,291	4,812	3,489	4,162	3,464	4,753	3,446	5,203	2,871
YoY		-4.1%	31.6%	7.8%	-4.5%	5.3%	-1.2%	-1.2%	25.0%	-17.1%
% of total sales		38.6%	44.6%	37.2%	41.2%	39.9%	43.8%	39.8%	47.8%	41.5%
Coating equipment		3,070	3,472	3,056	3,510	3,257	3,337	2,782	3,456	2,707
YoY		7.8%	11.8%	6.6%	7.8%	6.1%	-3.9%	-9.0%	-1.5%	-16.9%
% of total sales		36.0%	32.2%	32.6%	34.7%	37.6%	30.7%	32.1%	31.7%	39.1%
Coating systems		221	1,340	433	652	208	1,415	663	1,748	164
YoY		-62.3%	142.3%	17.1%	-40.8%	-6.0%	5.6%	53.1%	168.2%	-21.0%
% of total sales		2.6%	12.4%	4.6%	6.4%	2.4%	13.0%	7.7%	16.1%	2.4%

Source: Shared Research based on company data

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

Q1 FY03/21 results (out August 6, 2020)

Overview

Results for Q1 FY03/21 (April–June 2020)

- ▷ Sales JPY6.9bn (-20.3% YoY)
- ▷ Operating profit JPY410mn (-43.7% YoY)
- ▷ Recurring profit JPY562mn (-33.0% YoY)
- ▷ Net income* JPY435mn (-18.0% YoY)
- ▷ * Net income refers to net income attributable to owners of the parent

- ▷ Q1 consolidated sales of JPY6.9bn were down 20.3% YoY and operating profit of JPY410mn was down 43.7% YoY. The company attributed the decline in sales and earnings to the rapid spread of the coronavirus pandemic and the resulting drop in both economic and social activity.

Results by product category

Air Energy business

Results for Q1 FY03/21 (April–June 2020)

- ▷ Sales: JPY4.0bn (-22.4% YoY)
- ▷ Operating profit: JPY199mn (N/A, company started disclosing in 1H FY03/20)
- ▷ Operating profit margin: 4.9%

- ▷ Compressors: Q1 sales of JPY3.8bn were down 21.8% YoY.
- ▷ Q1 sales finished down as demand stalled for small/medium-sized general purpose compressors, but the company did see increases in sales of its oil-free compressors for use in medical equipment-related applications in the US and Brazil.
- ▷ Vacuum equipment: Q1 sales of JPY270mn were down 29.6% YoY.
- ▷ Q1 sales fell in Japan and rest of Asia, as well as in Europe, but the company saw higher sales of vacuum pumps to manufacturers of PCR test kits in the US and also noted signs of recovering demand in Japan and China.

Coating business

Results for Q1 FY03/21 (April–June 2020)

- ▷ Sales: JPY2.9bn (-17.1% YoY)
- ▷ Operating profit: JPY210mn (N/A, company started disclosing in 1H FY03/20)
- ▷ Operating profit margin: 7.3%

- ▷ Coating equipment: Q1 sales of JPY2.7bn were down 16.9% YoY
- ▷ The company faced a tough operating environment in Japan and the rest of Asia throughout Q1 as a result of the coronavirus pandemic but managed to limit the damage in Europe with the help of inventory-building and other measures.
- ▷ Coating systems: Q1 sales of JPY164mn were down 21.0% YoY

- ▷ With the coronavirus pandemic limiting business activities, sales of coating systems fell as new orders stalled primarily from its markets in Asia.

Results by segment

Results for Q1 FY03/21 (April–June 2020)

- ▷ Japan: Sales to external customers JPY2.9bn (-19.7% YoY), segment profit JPY511mn (-2.4% YoY)
- ▷ Europe: Sales to external customers JPY1.1bn (-9.9% YoY), segment profit JPY101mn (-24.4% YoY)
- ▷ Asia: Sales to external customers JPY1.7bn (-35.7% YoY), segment profit JPY4mn (-98.3% YoY)
- ▷ Other (including US, Mexico, Brazil): Sales JPY1.2bn (+1.4% YoY), segment profit JPY71mn (+4.2% YoY)
- ▷ Regional trends: In Japan, the company countered the 19.9% drop in sales with cutbacks in SG&A spending, reducing spending on travel, advertising/promotion, and in other areas, and with this succeeded in limiting the hit to segment earnings. In Europe, the drop in sales reflected falling demand for compressors amid the pandemic. In Asia, sales and earnings were hit hard by slowdown in economic activity in the wake of the lockdowns in China and elsewhere, with segment profit plummeting 98.3% YoY. In Other regions, the rise in sales and earnings was driven by growing demand from the US for medical equipment-related applications.

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