

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 7, 2020**, Nipro Corporation announced earnings results for Q1 FY03/21.

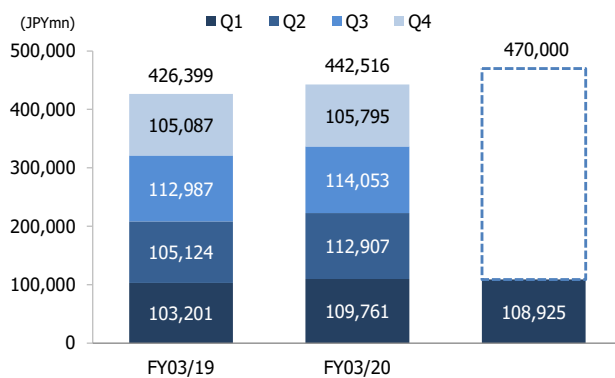
Cumulative (JPYmn)	FY03/19				FY03/20				FY03/21	FY03/21			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of Est. 1H Est.	% of Est.	FY Est.	
Sales	103,201	208,325	321,312	426,399	109,761	222,668	336,721	442,516	108,925	47.4%	229,650	23.2%	470,000
YoY	10.3%	10.9%	9.3%	7.8%	6.4%	6.9%	4.8%	3.8%	-0.8%	3.1%			6.2%
Gross profit	33,589	63,944	99,220	130,631	34,040	66,720	102,111	134,211	33,677				
YoY	10.5%	7.7%	5.1%	2.8%	1.3%	4.3%	2.9%	2.7%	-1.1%				
GPM	32.5%	30.7%	30.9%	30.6%	31.0%	30.0%	30.3%	30.3%	30.9%				
SG&A expenses	26,091	51,922	78,808	106,804	27,032	53,948	82,120	107,791	26,780				
YoY	7.6%	8.4%	7.0%	6.8%	3.6%	3.9%	4.2%	0.9%	-0.9%				
SG&A ratio	25.3%	24.9%	24.5%	25.0%	24.6%	24.2%	24.4%	24.4%	24.6%				
Operating profit	7,498	12,022	20,411	23,827	7,008	12,772	19,990	26,420	6,896	57.7%	11,950	26.0%	26,500
YoY	22.0%	4.6%	-1.8%	-12.0%	-6.5%	6.2%	-2.1%	10.9%	-1.6%	-6.4%			0.3%
OPM	7.3%	5.8%	6.4%	5.6%	6.4%	5.7%	5.9%	6.0%	6.3%	5.2%			5.6%
Recurring profit	7,953	13,699	18,772	22,431	5,128	9,885	17,767	23,417	6,206	54.4%	11,400	25.3%	24,500
YoY	27.4%	16.3%	-6.7%	-1.1%	-35.5%	-27.8%	-5.4%	4.4%	21.0%	15.3%			4.6%
RPM	7.7%	6.6%	5.8%	5.3%	4.7%	4.4%	5.3%	5.3%	5.7%	5.0%			5.2%
Net income	4,682	7,615	9,852	12,136	2,792	5,886	10,858	-12,281	3,029	64.4%	4,700	22.4%	13,500
YoY	10.4%	-8.1%	-28.7%	2.6%	-40.4%	-22.7%	10.2%	-	8.5%	-20.1%			-
Net margin	4.5%	3.7%	3.1%	2.8%	2.5%	2.6%	3.2%	-	2.8%	2.0%			2.9%

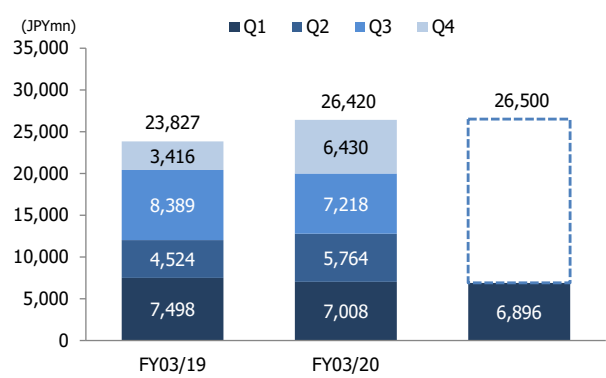
Quarterly (JPYmn)	FY03/19				FY03/20				FY03/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	103,201	105,124	112,987	105,087	109,761	112,907	114,053	105,795	108,925
YoY	10.3%	11.4%	6.6%	3.5%	6.4%	7.4%	0.9%	0.7%	-0.8%
Gross profit	33,589	30,355	35,276	31,411	34,040	32,680	35,391	32,100	33,677
YoY	10.5%	4.7%	0.8%	-4.0%	1.3%	7.7%	0.3%	2.2%	-1.1%
GPM	32.5%	28.9%	31.2%	29.9%	31.0%	28.9%	31.0%	30.3%	30.9%
SG&A expenses	26,091	25,831	26,886	27,996	27,032	26,916	28,172	25,671	26,780
YoY	7.6%	9.2%	4.5%	6.0%	3.6%	4.2%	4.8%	-8.3%	-0.9%
SG&A ratio	25.3%	24.6%	23.8%	26.6%	24.6%	23.8%	24.7%	24.3%	24.6%
Operating profit	7,498	4,524	8,389	3,416	7,008	5,764	7,218	6,430	6,896
YoY	22.0%	-15.4%	-9.6%	-45.9%	-6.5%	27.4%	-14.0%	88.2%	-1.6%
OPM	7.3%	4.3%	7.4%	3.3%	6.4%	5.1%	6.3%	6.1%	6.3%
Recurring profit	7,953	5,746	5,073	3,659	5,128	4,757	7,882	5,650	6,206
YoY	27.4%	3.8%	-39.2%	42.6%	-35.5%	-17.2%	55.4%	54.4%	21.0%
RPM	7.7%	5.5%	4.5%	3.5%	4.7%	4.2%	6.9%	5.3%	5.7%
Net income	4,682	2,933	2,237	2,284	2,792	3,094	4,972	-23,139	3,029
YoY	10.4%	-27.4%	-59.6%	-	-40.4%	5.5%	122.3%	-	8.5%
Net margin	4.5%	2.8%	2.0%	2.2%	2.5%	2.7%	4.4%	-	2.8%

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

Sales by quarter



Operating profit by quarter



Source: Shared Research based on company data

## Quarterly earnings by segment

Cumulative (JPYmn)	FY03/19				FY03/20				FY03/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Total sales</b>	<b>103,201</b>	<b>208,325</b>	<b>321,312</b>	<b>426,399</b>	<b>109,761</b>	<b>222,668</b>	<b>336,721</b>	<b>442,516</b>	<b>108,925</b>
YoY	10.3%	10.9%	9.3%	7.8%	6.4%	6.9%	4.8%	3.8%	-0.8%
Medical-Related	79,257	159,686	247,883	327,359	83,732	168,216	255,874	335,767	80,954
YoY	14.3%	14.6%	12.0%	9.1%	5.6%	5.3%	3.2%	2.6%	-3.3%
% of total sales	76.8%	76.7%	77.1%	76.8%	76.3%	75.5%	76.0%	75.9%	74.3%
Pharmaceutical-Related	14,818	30,375	46,548	63,482	17,939	35,656	53,321	70,357	17,848
YoY	-7.5%	-3.2%	0.5%	-5.0%	21.1%	17.4%	14.6%	10.8%	-0.5%
% of total sales	14.4%	14.6%	14.5%	14.9%	16.3%	16.0%	15.8%	15.9%	16.4%
PharmaPackaging	9,118	18,247	26,856	35,526	9,053	18,712	27,398	36,217	10,012
YoY	11.3%	6.2%	2.7%	25.1%	-0.7%	2.5%	2.0%	1.9%	10.6%
% of total sales	8.8%	8.8%	8.4%	8.3%	8.2%	8.4%	8.1%	8.2%	9.2%
Other	7	15	23	31	35	81	127	174	110
YoY	0.0%	7.1%	4.5%	6.9%	400.0%	440.0%	452.2%	461.3%	214.3%
% of total sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>Operating profit</b>	<b>7,498</b>	<b>12,022</b>	<b>20,411</b>	<b>23,827</b>	<b>7,008</b>	<b>12,772</b>	<b>19,990</b>	<b>26,420</b>	<b>6,896</b>
YoY	22.0%	4.6%	-1.8%	-12.0%	-6.5%	6.2%	-2.1%	10.9%	-1.6%
Medical-Related	11,134	18,959	30,852	36,722	10,534	19,178	28,859	36,249	10,157
YoY	42.8%	15.3%	11.2%	0.0%	-5.4%	1.2%	-6.5%	-1.3%	-3.6%
OPM	14.0%	11.9%	12.4%	11.2%	12.6%	11.4%	11.3%	10.8%	12.5%
Pharmaceutical-Related	2,139	4,281	7,505	10,662	3,888	6,085	8,532	13,196	3,266
YoY	-34.6%	-15.3%	-8.9%	0.0%	81.8%	42.1%	13.7%	23.8%	-16.0%
OPM	14.4%	14.1%	16.1%	16.8%	21.7%	17.1%	16.0%	18.8%	18.3%
PharmaPackaging	45	323	610	778	-5	502	518	675	296
YoY	-	1918.8%	47.3%	0.0%	-	55.4%	-15.1%	-13.2%	-
OPM	0.5%	1.8%	2.3%	2.2%	-0.1%	2.7%	1.9%	1.9%	3.0%
Other	33	40	81	146	25	92	128	176	106
YoY	266.7%	53.8%	92.9%	94.7%	-24.2%	130.0%	58.0%	20.5%	324.0%
OPM	471.4%	266.7%	352.2%	471.0%	71.4%	113.6%	100.8%	101.1%	96.4%
Adjustments	-5,853	-11,582	-18,637	-24,482	-7,434	-13,087	-18,048	-23,877	-6,930
Quarterly (JPYmn)	FY03/19				FY03/20				FY03/21
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<b>Total sales</b>	<b>103,201</b>	<b>105,124</b>	<b>112,987</b>	<b>105,087</b>	<b>109,761</b>	<b>112,907</b>	<b>114,053</b>	<b>105,795</b>	<b>108,925</b>
YoY	10.3%	11.4%	6.6%	3.5%	6.4%	7.4%	0.9%	0.7%	-0.8%
Medical-Related	79,257	80,429	88,197	79,476	83,732	84,484	87,658	79,893	80,954
YoY	14.3%	14.9%	7.5%	0.9%	5.6%	5.0%	-0.6%	0.5%	-3.3%
% of total sales	76.8%	76.5%	78.1%	75.6%	76.3%	74.8%	76.9%	75.5%	74.3%
Pharmaceutical-Related	14,818	15,557	16,173	16,934	17,939	17,717	17,665	17,036	17,848
YoY	-7.5%	1.3%	8.1%	-17.5%	21.1%	13.9%	9.2%	0.6%	-0.5%
% of total sales	14.4%	14.8%	14.3%	16.1%	16.3%	15.7%	15.5%	16.1%	16.4%
PharmaPackaging	9,118	9,129	8,609	8,670	9,053	9,659	8,686	8,819	10,012
YoY	11.3%	1.6%	-3.9%	283.1%	-0.7%	5.8%	0.9%	1.7%	10.6%
% of total sales	8.8%	8.7%	7.6%	8.3%	8.2%	8.6%	7.6%	8.3%	9.2%
Other	7	8	8	8	35	46	46	47	110
YoY	0.0%	14.3%	0.0%	14.3%	400.0%	475.0%	475.0%	487.5%	214.3%
% of total sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
<b>Operating profit</b>	<b>7,498</b>	<b>4,524</b>	<b>8,389</b>	<b>3,416</b>	<b>7,008</b>	<b>5,764</b>	<b>7,218</b>	<b>6,430</b>	<b>6,896</b>
YoY	22.0%	-15.4%	-9.6%	-45.9%	-6.5%	27.4%	-14.0%	88.2%	-1.6%
Medical-Related	11,134	7,825	11,893	5,870	10,534	8,644	9,681	7,390	10,157
YoY	42.8%	-9.5%	5.3%	-	-5.4%	10.5%	-18.6%	25.9%	-3.6%
OPM	14.0%	9.7%	13.5%	7.4%	12.6%	10.2%	11.0%	9.2%	12.5%
Pharmaceutical-Related	2,139	2,142	3,224	3,157	3,888	2,197	2,447	4,664	3,266
YoY	-34.6%	20.0%	1.4%	-	81.8%	2.6%	-24.1%	47.7%	-16.0%
OPM	14.4%	13.8%	19.9%	18.6%	21.7%	12.4%	13.9%	27.4%	18.3%
PharmaPackaging	45	278	287	168	-5	507	16	157	296
YoY	-	54.4%	-27.9%	-	-	82.4%	-94.4%	-6.5%	-
OPM	0.5%	3.0%	3.3%	1.9%	-0.1%	5.2%	0.2%	1.8%	3.0%
Other	33	7	41	65	25	67	36	48	106
YoY	266.7%	-58.8%	156.3%	-	-24.2%	857.1%	-12.2%	-26.2%	324.0%
OPM	471.4%	87.5%	512.5%	812.5%	71.4%	145.7%	78.3%	102.1%	96.4%
Adjustments	-5,853	-5,729	-7,055	-5,845	-7,434	-5,653	-4,961	-5,829	-6,930

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 7, 2020)

### Overview:

Q1 FY03/21 (April 2020 to June 2020)

- ▷ Sales: JPY108.9bn (-0.8% YoY)
- ▷ Operating profit: JPY6.9bn (-1.6% YoY)
- ▷ Recurring profit: JPY6.2bn (+21.0% YoY)
- ▷ Net income\*: JPY3.0bn (+8.5% YoY)

\* Net income attributable to owners of the parent

- ▷ Business environment: Since the COVID-19 outbreak, patients have cut back on hospital visits while hospitals have reduced outpatient care. This trend, together with postponement of non-essential surgical procedures have depressed demand for medical consumables and medication while demand for drugs and medical devices useful in the treatment of COVID-19 has picked up.
- ▷ Company response: The company maintained efforts to increase domestic market share, expand overseas sales, and cut production costs while developing products that address user needs. Sales increased 3.8% YoY as the Pharmaceutical-Related business reported solid performance.
- ▷ Operating profit declined 1.6% YoY despite a reduction in costs due to factors such as restrictions on sales activities, reduced travel, and scaled-back sales promotion activities in efforts to prevent the spread of COVID-19. In contrast, recurring profit increased 21.0% YoY on a narrowing in forex losses while net income increased 8.5% YoY.

### Performance by segment

#### Medical-Related business

- ▷ In Q1 FY03/21, sales (to external customers) declined 3.3% YoY to JPY81.0bn.
- ▷ Segment profit: JPY10.2bn (-3.6% YoY)
- ▷ Domestic sales: Domestic sales (product sales) came to JPY43.7bn (-5.1% YoY). Although there was a surge in demand for hygiene products such as gloves and masks, a decline in outpatient and inpatient care and a substantially lower number of surgical procedures led to a decline in sales of injectable/infusion-related products, enteral nutrition-related products, testing-related products, vascular-related products, and cardiovascular surgical (CVS)-related products. In contrast, sales of mainstay dialysis-related products (dialyzers and HDF filters\*), which are not as susceptible to adverse effects from the COVID-19 outbreak, held firm, declining only 0.6% YoY to JPY8.6bn. In pharmaceuticals, sales of dexmedetomidine, leuprorelin, and riluzole expanded on increased generic substitution. Also, drugs newly listed in June contributed, but the drop in patient visits and postponement of non-essential surgical procedures depressed sales of antibacterial and cold related products.
- ▷ Overseas sales: Overseas sales (product sales) were JPY35.3bn (+0.06% YoY). Sales of dialysis-related products such as dialyzers and other dialysis equipment declined 3.0% YoY to JPY20.2bn. In Q1 FY03/21, the company opened dialysis centers in Ecuador, Peru, Brazil, and India, and plans to set up more in Latin America, as well as in China and other Asian regions and Africa.
- ▷ Overseas production facilities: Production was suspended for some time at plants in India in response to the spread of COVID-19, but production has been gradually improving. Expansion of new lines is complicated by the Indian government's immigration restrictions that prevent engineers from entering the country so it is difficult to predict capacity expansions. Some other production facilities have also been affected to some extent, but overall production looks likely to be in line with the company's plan.

### Pharmaceutical-Related business

- ▷ In Q1 FY03/21, sales (to external customers) in this business were down 0.5% YoY to JPY17.8bn.
- ▷ Segment profit: JPY3.3bn (-16.0% YoY)
- ▷ Contract pharmaceutical manufacturing and development: Proposing contract manufacturing of all dosage forms handled by Nipro group, including oral dosage, injectables, and external preparations, and highly pharmacologically active preparations (such as antibiotics, steroids, and anticancer agents); focus on contract manufacturing of investigational new drugs and contract services for inspection and packaging, as well as development proposals for use (and packaging as kits) of pharmaceutical containers and delivery systems
- ▷ Drug manufacturing: For some products, production lines were revamped to boost capacity, which has delayed deliveries. Although this is not expected to affect full-year forecasts, Q1 sales declined as a result. In addition, the COVID-19 outbreak depressed production volumes for some products.

### PharmaPackaging business

- ▷ In Q1 FY03/21, sales (to external customers) were JPY10.0bn (+10.6% YoY).
- ▷ Segment profit: JPY296mn (versus JPY5mn loss in Q1 FY03/20)
- ▷ The company strengthened global sales of medical devices and kit products and stepped up sales of high-performance products that combine glass medical packaging with other packaging materials for a one-stop solution. In manufacturing, the company carried out modifications to equipment to enable ad hoc responses to changes in demand, and sought to boost quality and cut costs through 100% camera inspection, both domestically and overseas.
- ▷ Overseas sales: Amid the sharply rising demand for medical containers, shipments of glass tubing, vials, and sterilized syringes expanded sharply, mainly to Europe and the US. In China, Nipro began deliveries of medical containers that meet global quality standards to a major vaccine manufacturer.
- ▷ Domestic sales: Shipments of medical container-related products such as glass tubing, vials, and rubber stoppers expanded briskly, as did medical device-related products like kit components.

### Other business

- ▷ Sales (to external customers) in the Other business in Q1 FY03/21 including sales in the real-estate rental business were JPY110mn (+214.3% YoY).
- ▷ Segment profit: JPY106mn (+324.0% YoY)

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)