

Sanyo Homes (1420)

Consolidated Fiscal Year (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018	54,117	1,894	1,911	1,243	100.93	15.00	1,374.32
FY03/2019	53,888	1,434	1,544	954	77.46	25.00	1,425.21
FY03/2020CoE	69,850	1,900	1,910	1,220	99.03	25.00	-
FY03/2019	YoY	(0.4%)	(24.3%)	(19.2%)	(23.2%)	-	-
FY03/2020CoE	YoY	29.6%	32.5%	23.7%	27.9%	-	-
Consolidated Quarter (Million Yen)	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2019	8,547	(494)	(518)	(368)	-	-	-
Q2 FY03/2019	11,878	111	73	23	-	-	-
Q3 FY03/2019	11,093	(189)	(189)	(149)	-	-	-
Q4 FY03/2019	22,369	2,006	2,178	1,448	-	-	-
Q1 FY03/2020	7,738	(890)	(895)	(644)	-	-	-
Q1 FY03/2020	YoY	(9.5%)	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (9 August 2019)

Order Backlog Highest Ever

On 31 July 2019, Sanyo Homes to mainly develop / sell housing and condos released its Q1 FY03/2020 results. It has been revealed that the Company sees order backlog highest ever as far as that of Q1 is concerned. Order backlog stands at ¥33,606m (up 3.0% YoY) as of the end of Q1, comprising ¥12,874m (up 2.5%) on the Housing Business side and ¥20,731m (up 3.3%) on the Condos Business side, implying high level of order backlog for both of them in spite of stagnating Housing Starts. Still, short-term sales are coming down due mainly to a timing issue and falling short of assumptions of Company forecasts at the same time. However, the Company is likely to see increased sales on a full-year basis in FY03/2020. Meanwhile, the Company is currently in the process of constructing SANMIT HITACHINOHIGASHI STATION FRONT (Ushiku, Ibaraki) or station-connected condo dedicated to the elderly first in the Tokyo metropolitan area, which is selected as FY2019 business to take the head for sustainable building (next generation housing type) by Ministry of Land, Infrastructure and Transport, implying the Company is heavily involved with preparation to materialize self-reliance support and health management for the elderly in the aspect of housing by means of utilizing IoT technology, etc.

For your information: [Sanyo Homes \(1420\) Detached Houses and Renovation \(26 July 2019\)](#)


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2.0 Company Profile

Developing / Selling Housing and Condos

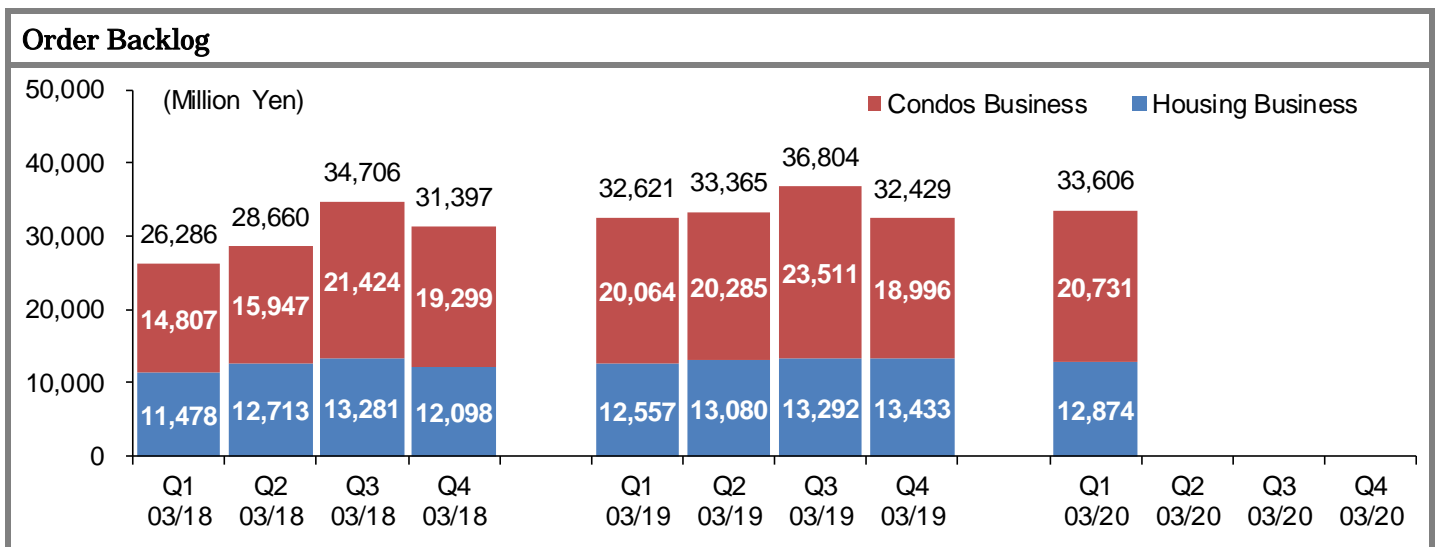
Company Name	Sanyo Homes Corporation Website IR Information Share Price (Japanese)	
Established	1 February 1969	
Listing	9 April 2014: Tokyo Stock Exchange 1st section (ticker: 1420) 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of June 2019)	
No. of Shares	12,620,000 shares, including 300,883 treasury shares (as of the end of June 2019)	
Main Features	<ul style="list-style-type: none"> ● Roots in Kubota House Co. Ltd. or provider of custom-built housing (steel frame prefabrication system) ● Running operations mainly in Kansai region as well as in the Tokyo metropolitan area, Chubu region, Kyushu region, etc. ● Condos Business to develop and sell condos, the key earnings pillar 	
Operations	<ul style="list-style-type: none"> • Detached Housing • Condos • Renewal Distribution • Renovation • Rental / Welfare Housing • Life Support • Frontier 	
Top Management	Representative Director / Chairman: Yasusuke Tanaka Representative Director / Vice Chairman: Hisashi Matsuoka Representative Director / President: Fumio Matsumoto	
Shareholders	LIXIL Corp. 24.56%, ORIX Corp. 16.64% (as of the end of March 2019)	
Headquarters	Nishi-ku, Osaka-prefecture, JAPAN	
No. of Employees	Consolidated: 760, Parent: 456 (as of the end of March 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY03/2020 Results

In Q1 FY03/2020, sales came in at ¥7,738m (down 9.5% YoY), operating profit negative ¥890m (versus negative ¥494m during the same period of the previous year), recurring profit negative ¥895m (negative ¥518m) and profit attributable to owners of parent negative ¥644m (negative ¥368m), while operating profit margin negative 11.5% (down 5.7% points). Still, order backlog favorably increased, as mentioned earlier.



Source: Company Data, WRJ Calculation

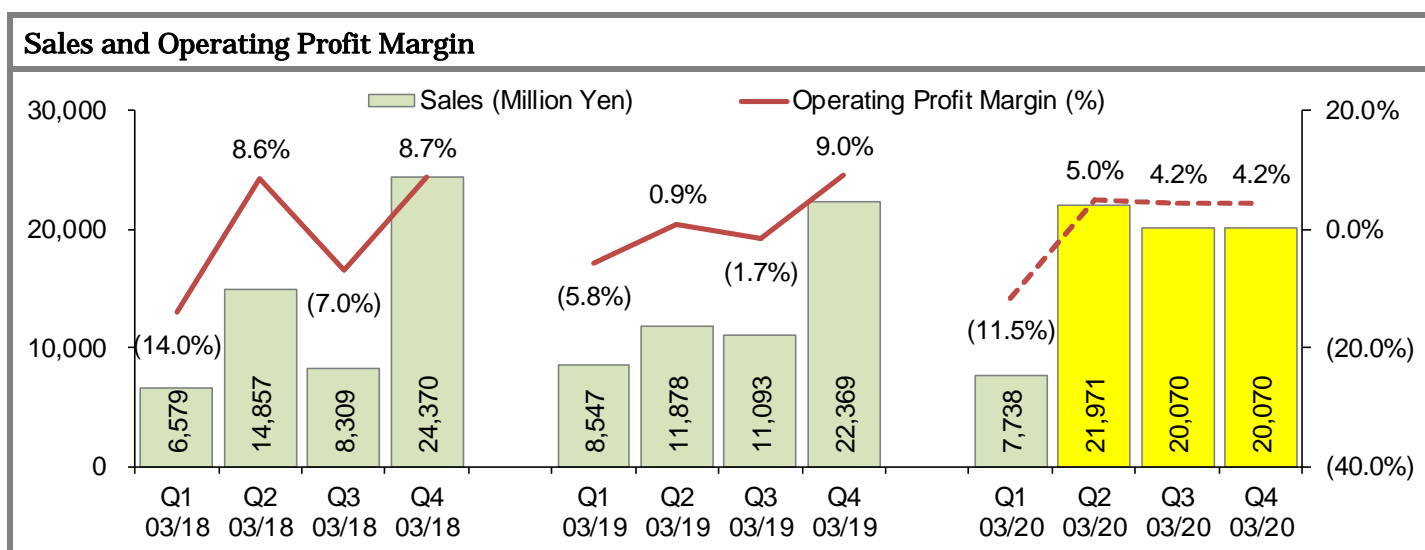
By business segment, Housing Business saw sales of ¥4,957m (up 2.0%), operating profit of negative ¥328m (negative ¥327m) and operating profit margin of negative 6.6% (up 0.1% point), while order intake came in at ¥4,398m (down 17.3%). Meanwhile, Housing Starts by Ministry of Land, Infrastructure and Transport decreased by 5.7% over the same month of the previous year in April, decreased by 8.7% in May and increased by 0.3% in June. When simply compared with this, it could be said that sales with the Company are running ahead of the market. It appears that increased sales of Rental / Welfare Housing are contributing in particular. Meanwhile, it appears that sales of Detached Housing and Renovation are coming down, but the Company suggests increased order backlog is to drive sales here in Q2 and thereafter. Meanwhile, although it looks being temporary, order intake across the board is adjusting, which is raised as a concern.

Condos Business saw sales of ¥2,048m (down 34.2%), operating profit of negative ¥252m (¥128m) and operating profit margin of negative 12.3% (down 16.5% points). Meanwhile, inventory as of the end of Q1 stands at ¥42,970m versus ¥38,032m as of the end of FY03/2019. In other words, Condos Business whose sales hinge on the timing of completion of the property to a large extent currently suffers from short-term correction of the number of the property to be completed, but inventory to drive sales in the future is favorably on the rise.

The business segment of Other saw sales of ¥732m (up 27.9%), operating profit of negative ¥51m (negative ¥70m) and operating profit margin of negative 7.1% (up 5.3% points). Benefits from increased sales due to new openings of childcare facilities in April improved earnings here.

FY03/2020 Company Forecasts

FY03/2020 Company forecasts have remained unchanged, going for prospective sales of ¥69,850m (up 29.6% YoY), operating profit of ¥1,900m (up 32.5%), recurring profit of ¥1,910m (up 23.7%) and profit attributable to owners of parent of ¥1,220m (up 27.9%), while operating profit margin of 2.72% (up 0.06%). Company forecasts have also remained unchanged for prospective annual dividend, going for ¥25.0 per share, implying payout ratio of 25.2%.



Source: Company Data, WRJ Calculation (Q3 and Q4 FY03/2020: H2 Company forecasts, pro rata)

When compared with full-year Company forecasts, the Company sees progress rate of 11.1% for sales in Q1 versus 15.9% for the equivalent in the previous year and 12.2% in the year before. Thus, the progress rate in Q1 at the moment is lower than the previous year, but almost in line with that of the year before. In particular, the Company suggests that shortfall of sales with Condos Business is substantial, where sales are concentrated in Q4 due to seasonal factors. In FY03/2020, the Company suggests that this tendency is to be enhanced than regular years.

4.0 Financial Statements

Income Statement (Cumulative, Quarterly)

Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1 to Q4	Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Sales	8,547	20,426	31,519	53,888	7,738	-	-	-	-	(809)
CoGS	6,889	16,517	25,525	43,248	6,447	-	-	-	-	(442)
Gross Profit	1,658	3,908	5,994	10,639	1,291	-	-	-	-	(367)
SG&A Expenses	2,152	4,291	6,566	9,205	2,181	-	-	-	-	+28
Operating Profit	(494)	(382)	(572)	1,434	(890)	-	-	-	-	(396)
Non Operating Balance	(23)	(61)	(61)	110	(4)	-	-	-	-	+19
Recurring Profit	(518)	(444)	(634)	1,544	(895)	-	-	-	-	(377)
Extraordinary Balance	-	-	-	(23)	(11)	-	-	-	-	(11)
Profit before Income Taxes	(518)	(444)	(634)	1,521	(906)	-	-	-	-	(388)
Total Income Taxes	(149)	(99)	(140)	567	(262)	-	-	-	-	(112)
Profit Attributable to Owners of Parent	(368)	(344)	(494)	954	(644)	-	-	-	-	(276)
Sales YoY	+29.9%	(4.7%)	+6.0%	(0.4%)	(9.5%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(24.3%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(19.2%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(23.2%)	-	-	-	-	-	-
Gross Profit Margin	19.4%	19.1%	19.0%	19.7%	16.7%	-	-	-	-	(2.7%)
Sales to SG&A Expenses Ratio	25.2%	21.0%	20.8%	17.1%	28.2%	-	-	-	-	+3.0%
Operating Profit Margin	(5.8%)	(1.9%)	(1.8%)	2.7%	(11.5%)	-	-	-	-	(5.7%)
Recurring Profit Margin	(6.1%)	(2.2%)	(2.0%)	2.9%	(11.6%)	-	-	-	-	(5.5%)
Profit Attributable to Owners of Parent Margin	(4.3%)	(1.7%)	(1.6%)	1.8%	(8.3%)	-	-	-	-	(4.0%)
Total Income Taxes / Profit before Income Taxes	-	-	-	37.3%	-	-	-	-	-	-
Income Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q4	Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020	03/2020	
Sales	8,547	11,878	11,093	22,369	7,738	-	-	-	-	(809)
CoGS	6,889	9,627	9,007	17,723	6,447	-	-	-	-	(442)
Gross Profit	1,658	2,250	2,085	4,645	1,291	-	-	-	-	(367)
SG&A Expenses	2,152	2,139	2,274	2,639	2,181	-	-	-	-	+28
Operating Profit	(494)	111	(189)	2,006	(890)	-	-	-	-	(396)
Non Operating Balance	(23)	(37)	-	172	(4)	-	-	-	-	+19
Recurring Profit	(518)	73	(189)	2,178	(895)	-	-	-	-	(377)
Extraordinary Balance	-	-	-	(23)	(11)	-	-	-	-	(11)
Profit before Income Taxes	(518)	73	(189)	2,155	(906)	-	-	-	-	(388)
Total Income Taxes	(149)	49	(40)	707	(262)	-	-	-	-	(112)
Profit Attributable to Owners of Parent	(368)	23	(149)	1,448	(644)	-	-	-	-	(276)
Sales YoY	+29.9%	(20.1%)	+33.5%	(8.2%)	(9.5%)	-	-	-	-	-
Operating Profit YoY	-	(91.3%)	-	(5.1%)	-	-	-	-	-	-
Recurring Profit YoY	-	(94.1%)	-	(0.3%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	(97.2%)	-	(0.4%)	-	-	-	-	-	-
Gross Profit Margin	19.4%	18.9%	18.8%	20.8%	16.7%	-	-	-	-	(2.7%)
Sales to SG&A Expenses Ratio	25.2%	18.0%	20.5%	11.8%	28.2%	-	-	-	-	+3.0%
Operating Profit Margin	(5.8%)	0.9%	(1.7%)	9.0%	(11.5%)	-	-	-	-	(5.7%)
Recurring Profit Margin	(6.1%)	0.6%	(1.7%)	9.7%	(11.6%)	-	-	-	-	(5.5%)
Profit Attributable to Owners of Parent Margin	(4.3%)	0.2%	(1.3%)	6.5%	(8.3%)	-	-	-	-	(4.0%)
Total Income Taxes / Profit before Income Taxes	-	67.5%	-	32.8%	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Housing Business	4,862	11,233	16,989	25,461	4,957	-	-	-		+94
Condos Business	3,112	7,995	12,676	25,850	2,048	-	-	-		(1,064)
Other	572	1,198	1,853	2,576	732	-	-	-		+159
Sales	8,547	20,426	31,519	53,888	7,738	-	-	-		(809)
Housing Business	(327)	(195)	(273)	170	(328)	-	-	-		(1)
Condos Business	128	358	528	2,412	(252)	-	-	-		(381)
Other	(70)	(103)	(134)	(195)	(51)	-	-	-		+18
Total	(269)	59	120	2,386	(633)	-	-	-		(363)
Elimination	(224)	(442)	(692)	(952)	(257)	-	-	-		(32)
Operating Profit	(494)	(382)	(572)	1,434	(890)	-	-	-		(396)
Housing Business	(6.7%)	(1.7%)	(1.6%)	0.7%	(6.6%)	-	-	-		+0.1%
Condos Business	4.1%	4.5%	4.2%	9.3%	(12.3%)	-	-	-		(16.5%)
Other	(12.4%)	(8.7%)	(7.3%)	(7.6%)	(7.1%)	-	-	-		+5.3%
Elimination	(2.6%)	(2.2%)	(2.2%)	(1.8%)	(3.3%)	-	-	-		(0.7%)
Operating Profit Margin	(5.8%)	(1.9%)	(1.8%)	2.7%	(11.5%)	-	-	-		(5.7%)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
(Million Yen)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		Net Chg.
	03/2019	03/2019	03/2019	03/2019	03/2020	03/2020	03/2020	03/2020		
Housing Business	4,862	6,370	5,756	8,471	4,957	-	-	-		+94
Condos Business	3,112	4,882	4,681	13,173	2,048	-	-	-		(1,064)
Other	572	625	654	723	732	-	-	-		+159
Sales	8,547	11,878	11,093	22,369	7,738	-	-	-		(809)
Housing Business	(327)	131	(77)	443	(328)	-	-	-		(1)
Condos Business	128	230	169	1,883	(252)	-	-	-		(381)
Other	(70)	(32)	(31)	(60)	(51)	-	-	-		+18
Total	(269)	329	60	2,266	(633)	-	-	-		(363)
Elimination	(224)	(217)	(249)	(260)	(257)	-	-	-		(32)
Operating Profit	(494)	111	(189)	2,006	(890)	-	-	-		(396)
Housing Business	(6.7%)	2.1%	(1.4%)	5.2%	(6.6%)	-	-	-		+0.1%
Condos Business	4.1%	4.7%	3.6%	14.3%	(12.3%)	-	-	-		(16.5%)
Other	(12.4%)	(5.2%)	(4.7%)	(8.3%)	(7.1%)	-	-	-		+5.3%
Elimination	(2.6%)	(1.8%)	(2.3%)	(1.2%)	(3.3%)	-	-	-		(0.7%)
Operating Profit Margin	(5.8%)	0.9%	(1.7%)	9.0%	(11.5%)	-	-	-		(5.7%)

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019	Q1 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020		
Cash and Deposit	8,430	7,703	7,939	8,895	7,557	-	-	-	-	(873)
Accounts Receivables	1,472	2,684	2,081	1,807	1,718	-	-	-	-	+245
Inventory	37,987	37,560	39,208	38,032	42,970	-	-	-	-	+4,983
Other	924	1,151	1,200	1,437	1,689	-	-	-	-	+764
Current Assets	48,815	49,099	50,430	50,173	53,935	-	-	-	-	+5,119
Tangible Assets	764	818	830	2,032	2,077	-	-	-	-	+1,313
Intangible Assets	36	36	35	36	33	-	-	-	-	(2)
Investments and Other Assets	2,621	2,571	2,643	2,285	2,491	-	-	-	-	(129)
Fixed Assets	3,421	3,426	3,509	4,354	4,603	-	-	-	-	+1,181
Total Assets	52,237	52,526	53,939	54,527	58,538	-	-	-	-	+6,300
Accounts Payables	3,489	3,767	4,217	7,200	4,346	-	-	-	-	+856
Short Term Debt	16,040	15,490	17,580	16,210	21,380	-	-	-	-	+5,340
Advances Re. on Uncompleted Contracts	1,198	1,750	1,768	1,154	1,253	-	-	-	-	+55
Advances Received	2,214	2,192	2,481	2,198	2,628	-	-	-	-	+414
Other	1,563	1,814	1,573	2,703	1,562	-	-	-	-	(1)
Current Liabilities	24,506	25,013	27,622	29,466	31,171	-	-	-	-	+6,664
Long Term Debt	9,790	9,520	8,430	5,610	8,870	-	-	-	-	(920)
Other	1,580	1,607	1,649	1,880	1,883	-	-	-	-	+302
Fixed Liabilities	11,370	11,127	10,079	7,490	10,753	-	-	-	-	(617)
Total Liabilities	35,877	36,141	37,701	36,957	41,924	-	-	-	-	+6,047
Shareholders' Equity	16,251	16,275	16,126	17,574	16,614	-	-	-	-	+362
Other	108	109	112	(4)	-	-	-	-	-	(109)
Net Assets	16,360	16,384	16,238	17,570	16,613	-	-	-	-	+253
Total Liabilities and Net Assets	52,237	52,526	53,939	54,527	58,538	-	-	-	-	+6,300
Equity Capital	16,347	16,371	16,225	17,557	16,600	-	-	-	-	+253
Interest Bearing Debt	25,830	25,010	26,010	21,820	30,250	-	-	-	-	+4,420
Net Debt	17,399	17,306	18,070	12,924	22,692	-	-	-	-	+5,293
Equity Ratio	31.3%	31.2%	30.1%	32.2%	28.4%	-	-	-	-	-
Net Debt Equity Ratio	106.4%	105.7%	111.4%	73.6%	136.7%	-	-	-	-	-
ROE (12 months)	9.7%	4.2%	6.1%	5.5%	4.1%	-	-	-	-	-
ROA (12 months)	4.4%	2.2%	2.9%	3.0%	2.1%	-	-	-	-	-
Days for Inventory Turnover	503	356	397	196	608	-	-	-	-	-
Quick Ratio	40%	42%	36%	36%	30%	-	-	-	-	-
Current Ratio	199%	196%	183%	170%	173%	-	-	-	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019	Q1 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020		
Operating Cash Flow	-	(8,470)	-	(3,789)	-	-	-	-	-	-
Investing Cash Flow	-	(583)	-	(782)	-	-	-	-	-	-
Operating CF & Investing CF	-	(9,053)	-	(4,571)	-	-	-	-	-	-
Financing Cash Flow	-	8,420	-	5,230	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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