

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)
FY03/2019		53,888	1,434	1,544	954	77.46	25.00	1,425.21
FY03/2020		56,351	412	415	359	29.78	25.00	1,537.65
FY03/2021CoE		-	-	-	-	-	-	-
FY03/2020	YoY	4.6%	(71.2%)	(73.1%)	(62.4%)	-	-	-
FY03/2021CoE	YoY	-	-	-	-	-	-	-
Consolidated Quarter (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 FY03/2020		7,738	(890)	(895)	(644)	-	-	-
Q2 FY03/2020		16,044	1,034	1,005	679	-	-	-
Q3 FY03/2020		8,459	(835)	(868)	(617)	-	-	-
Q4 FY03/2020		24,108	1,104	1,173	941	-	-	-
Q1 FY03/2021		6,458	(1,183)	(1,172)	(819)	-	-	-
Q1 FY03/2021	YoY	(16.5%)	-	-	-	-	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (11 August 2020)

Increased Order Intake

On 31 July 2020, Sanyo Homes, mainly developing houses and condos for sale, released its Q1 FY03/2021 results. It has been revealed that order intake increased over the same period of the previous year for both of Housing Business and Condos Business. Despite the impacts stemming from COVID-19, order intake rose by 1.7% on the Housing Business side and by 14.0% on the Condos Business side. On the Condos Business side, where order intake is significantly increasing, although there were no properties newly launched, incoming order intake for properties that were launched towards the end of FY03/2020 is trending strongly. Still, sales declined by half due to the absence of newly completed properties and the Condos Business had a significant impact for earnings as a whole for the Company. Meanwhile, FY03/2021 Company forecasts, including those of dividend, have remained undecided, as it is difficult to reasonably estimate the impacts stemming from COVID-19 even in the short term. However, the share buyback on 31 January 2020 has resulted in a 13.0% decrease in the average number of shares, which is expected to increase earnings per share, etc. to a corresponding extent.


For information: [Sanyo Homes \(1420\) Creating Shared Value \(27 December 2019\)](#)

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2.0 Company Profile

Developing Houses and Condos for Sale

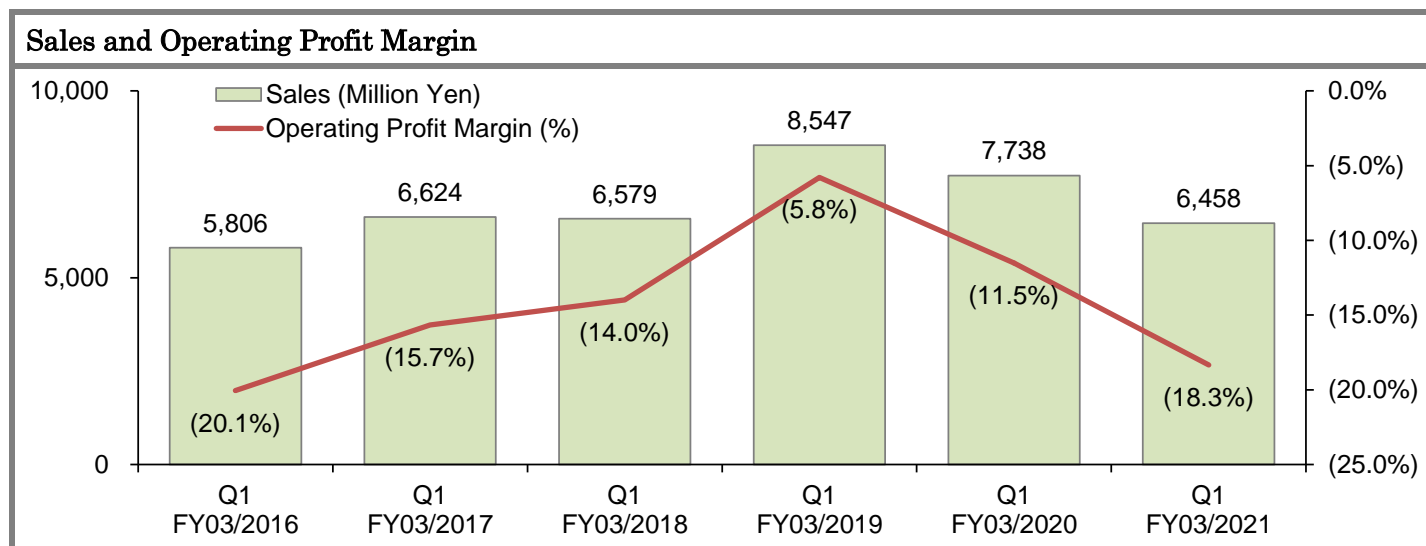
Company Name	Sanyo Homes Corporation Website IR Information Share Price (Japanese)	
Established	11 October 1996	
Listing	9 April 2014: Tokyo Stock Exchange 1st section (ticker: 1420) 9 April 2013: Tokyo Stock Exchange 2nd section	
Capital	¥5,945m (as of the end of June 2020)	
No. of Shares	12,620,000 shares, including 1,898,853 treasury shares (as of the end of June 2020)	
Main Features	<ul style="list-style-type: none"> ● Roots in Kubota House Co. Ltd. or provider of custom housing (steel frame prefabrication system) ● Operations mainly in Kansai and Kanto (Tokyo Metropolitan area, etc.) ● Condos Business to develop condos for sale, the key earning pillar 	
Business Units	<ul style="list-style-type: none"> • Detached Housing • Condos • Renewal Distribution • Renovation • Rental Welfare Housing • Life Support • Frontier 	
Top Management	President & Representative Director: Hisashi Matsuoka	
Shareholders	LIXIL Corp. 28.16%, ORIX Corp. 19.07%, Kansai Electric Power 13.07%, SECOM Co. 9.08% (as of the end March 2020, but for treasury shares)	
Headquarters	Nishi-ku, Osaka-prefecture, JAPAN	
No. of Employees	Consolidated: 848, Parent: 448 (as of the end of March 2020)	

Source: Company Data

3.0 Recent Trading and Prospects

Q1 FY03/2021 Results

In Q1 FY03/2021, sales came in at ¥6,458m (down 16.5% YoY), operating profit minus ¥1,183m (versus minus ¥890m during the same period of the previous year), recurring profit minus ¥1,172m (minus ¥895m) and profit attributable to owners of parent minus ¥819m (minus ¥644m), while operating profit margin minus 18.3% (down 6.8% points).

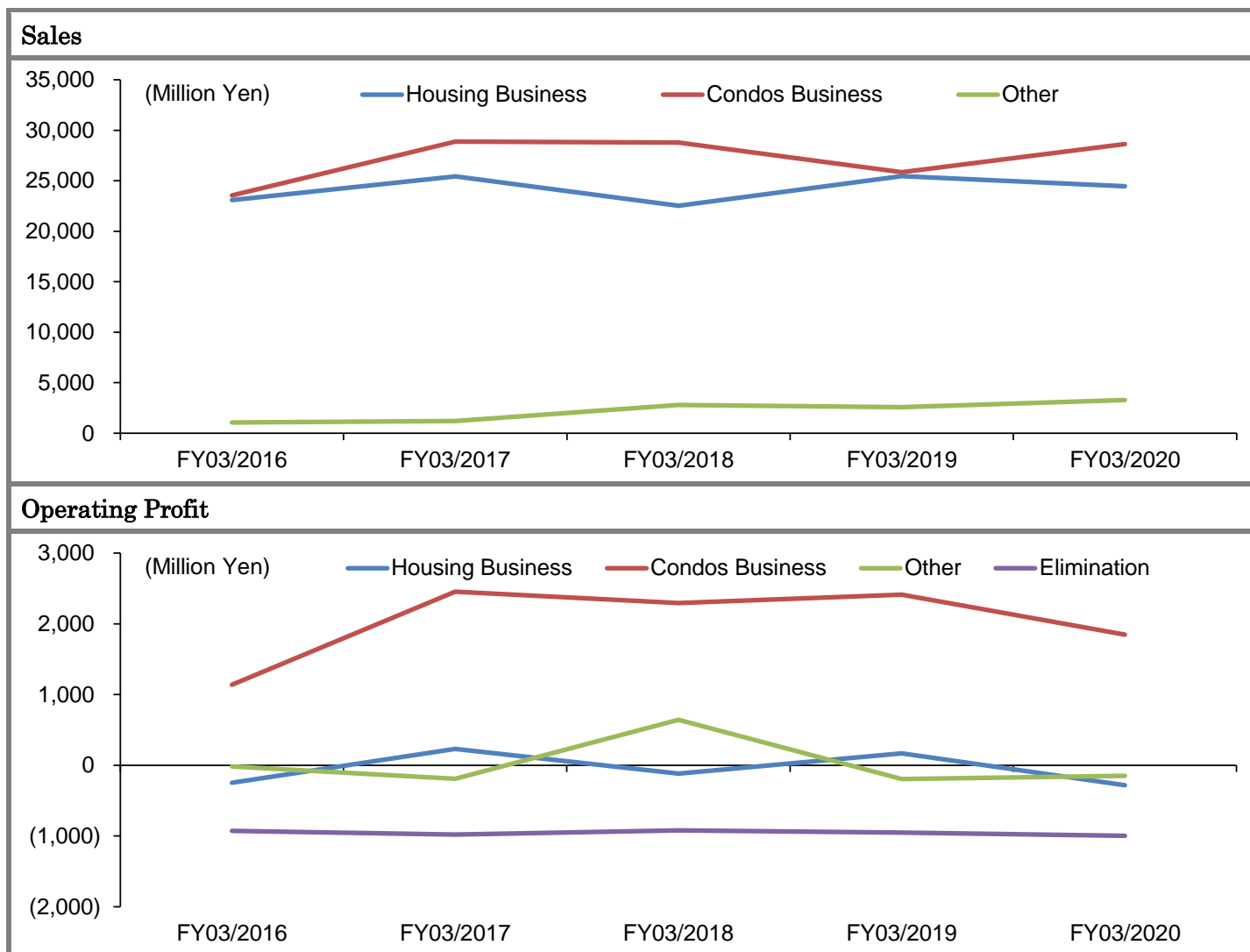


Source: Company Data, WRJ Calculation

The Company is strongly inclined to see sales concentrated in Q2 and Q4. For both of the Housing Business and the Condos Business, the Company delivers properties in line with customers' requests, which appears to result in a strong tendency in particulars for sales to be concentrated towards the end of the fiscal year, i.e., in Q4. With respect to the Condos Business, the timing of completion for properties tends to be concentrated in Q4 in the first place and the same applies to sales. On the other hand, the scale of sales is inevitably small in Q1 immediately after that. As a result, the Company had consistently suffered from operating loss over the past 5 years in row, while it has suffered from decreased sales over the same period of the previous year in FY03/2021 and thus increased operating loss.

There is a decline in the appetite to buy homes due to the spread of COVID-19 and it is becoming difficult to develop traditional methods of expanding sales through the use of housing exhibitions and/or model rooms of condos. However, order intake increased over the same period of the previous year for both the Housing Business and the Condos Business. It appears contributing that the Company has successfully started up new sales activities by means of establishing a system that allows people to consult with questions and anxieties about their homes and livelihoods via the website and/or telephone.

During the same period of the previous year (April to June 2019), the level of order intake was low, which is another factor, while it could be the case that the impacts stemming from COVID-19 have remained less than those of consumption tax hike. The consumption tax hike implemented on 1 October 2019 was applied to the properties to be delivered after that, when order was placed. Thus, order intake had begun to shrink due to the impacts stemming from the consumption tax hike during the same period of the previous year.



Source: Company Data, WRJ Calculation

In Q1 FY03/2021, sales on the Housing Business side came in at ¥4,517m (down 8.9%), operating profit minus ¥412m (minus ¥328m) and operating profit margin minus 9.1% (down 2.5% points). Meanwhile, order intake came in at ¥4,474m (up 1.7%) and order backlog ¥10,879m (down 15.5%). The decline in sales and order backlog was in line with booking of sales progressed substantially towards the end of FY03/2020, according to the Company.

On the Condos Business side, sales came in at ¥1,012m (down 50.6%), operating profit minus ¥463m (minus ¥252m) and operating profit margin minus 45.7% (down 33.4% points). Meanwhile, order intake came in at ¥4,314m (up 14.0%) and order backlog ¥19,202m (down 7.4%). The decline in sales and order backlog was due to the same factor on the Housing Business side and to another factor at the same time. Given no properties newly completed, the Company was exclusively involved with sales of those completed and held as inventory as of the end of FY03/2020.

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		Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	7,738	23,782	32,242	56,351	6,458	-	-	-	-	(1,280)
Cost of Sales	6,447	19,047	26,101	46,656	5,499	-	-	-	-	(947)
Gross Profit	1,291	4,735	6,140	9,694	958	-	-	-	-	(332)
SG&A Expenses	2,181	4,591	6,831	9,281	2,142	-	-	-	-	(38)
Operating Profit	(890)	143	(691)	412	(1,183)	-	-	-	-	(293)
Non Operating Balance	(4)	(33)	(67)	2	11	-	-	-	-	+15
Recurring Profit	(895)	109	(758)	415	(1,172)	-	-	-	-	(277)
Extraordinary Balance	(11)	(11)	(11)	149	0	-	-	-	-	+11
Profit before Income Taxes	(906)	98	(769)	564	(1,172)	-	-	-	-	(265)
Total Income Taxes	(262)	63	(187)	205	(352)	-	-	-	-	(90)
Profit Attributable to Owners of Parent	(644)	34	(582)	359	(819)	-	-	-	-	(175)
Sales YoY	(9.5%)	+16.4%	+2.3%	+4.6%	(16.5%)	-	-	-	-	-
Operating Profit YoY	-	-	-	(71.2%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(73.1%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(62.4%)	-	-	-	-	-	-
Gross Profit Margin	16.7%	19.9%	19.0%	17.2%	14.8%	-	-	-	-	(1.8%)
Sales to SG&A Expenses Ratio	28.2%	19.3%	21.2%	16.5%	33.2%	-	-	-	-	+5.0%
Operating Profit Margin	(11.5%)	0.6%	(2.1%)	0.7%	(18.3%)	-	-	-	-	(6.8%)
Recurring Profit Margin	(11.6%)	0.5%	(0.3%)	0.7%	(18.2%)	-	-	-	-	(6.6%)
Profit Attributable to Owners of Parent Margin	(8.3%)	0.1%	(1.8%)	0.6%	(12.7%)	-	-	-	-	(4.4%)
Total Income Taxes/Profit before Income Taxes	-	64.5%	-	36.4%	-	-	-	-	-	-
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		Net Chg.
	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	
Sales	7,738	16,044	8,459	24,108	6,458	-	-	-	-	(1,280)
Cost of Sales	6,447	12,599	7,054	20,554	5,499	-	-	-	-	(947)
Gross Profit	1,291	3,444	1,404	3,553	958	-	-	-	-	(332)
SG&A Expenses	2,181	2,410	2,239	2,449	2,142	-	-	-	-	(38)
Operating Profit	(890)	1,034	(835)	1,104	(1,183)	-	-	-	-	(293)
Non Operating Balance	(4)	(29)	(33)	69	11	-	-	-	-	+15
Recurring Profit	(895)	1,005	(868)	1,173	(1,172)	-	-	-	-	(277)
Extraordinary Balance	(11)	0	0	160	0	-	-	-	-	+11
Profit before Income Taxes	(906)	1,005	(868)	1,334	(1,172)	-	-	-	-	(265)
Total Income Taxes	(262)	326	(250)	392	(352)	-	-	-	-	(90)
Profit Attributable to Owners of Parent	(644)	679	(617)	941	(819)	-	-	-	-	(175)
Sales YoY	(9.5%)	+35.1%	(23.7%)	+7.8%	(16.5%)	-	-	-	-	-
Operating Profit YoY	-	+828.7%	-	(45.0%)	-	-	-	-	-	-
Recurring Profit YoY	-	-	-	(46.1%)	-	-	-	-	-	-
Profit Attributable to Owners of Parent YoY	-	-	-	(35.0%)	-	-	-	-	-	-
Gross Profit Margin	16.7%	21.5%	16.6%	14.7%	14.8%	-	-	-	-	(1.8%)
Sales to SG&A Expenses Ratio	28.2%	15.0%	26.5%	10.2%	33.2%	-	-	-	-	+5.0%
Operating Profit Margin	(11.5%)	6.4%	(9.9%)	4.6%	(18.3%)	-	-	-	-	(6.8%)
Recurring Profit Margin	(11.6%)	6.3%	(10.3%)	4.9%	(18.2%)	-	-	-	-	(6.6%)
Profit Attributable to Owners of Parent Margin	(8.3%)	4.2%	(7.3%)	3.9%	(12.7%)	-	-	-	-	(4.4%)
Total Income Taxes/Profit before Income Taxes	-	32.4%	-	29.4%	-	-	-	-	-	-

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
	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4	Q1	Q1 to Q2	Q1 to Q3	Q1 to Q4		
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	Net Chg.
Housing Business	4,957	11,511	17,443	24,441	4,517	-	-	-	-	(439)
Condos Business	2,048	10,735	12,403	28,629	1,012	-	-	-	-	(1,036)
Other	732	1,535	2,395	3,279	928	-	-	-	-	+195
Sales	7,738	23,782	32,242	56,351	6,458	-	-	-	-	(1,280)
Housing Business	(328)	(98)	(322)	(282)	(412)	-	-	-	-	(83)
Condos Business	(252)	805	477	1,847	(463)	-	-	-	-	(210)
Other	(51)	(102)	(121)	(151)	(59)	-	-	-	-	(7)
Total	(633)	605	34	1,412	(934)	-	-	-	-	(301)
Elimination	(257)	(461)	(725)	(999)	(248)	-	-	-	-	+8
Operating Profit	(890)	143	(691)	412	(1,183)	-	-	-	-	(293)
Housing Business	(6.6%)	(0.9%)	(1.8%)	(1.2%)	(9.1%)	-	-	-	-	(2.5%)
Condos Business	(12.3%)	7.5%	3.9%	6.5%	(45.7%)	-	-	-	-	(33.4%)
Other	(7.1%)	(6.7%)	(5.1%)	(4.6%)	(6.4%)	-	-	-	-	+0.7%
Elimination	(3.3%)	(1.9%)	(2.3%)	(1.8%)	(3.9%)	-	-	-	-	(0.5%)
Operating Profit Margin	(11.5%)	0.6%	(2.1%)	0.7%	(18.3%)	-	-	-	-	(6.8%)

Segmented Information	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
(Million Yen)	03/2020	03/2020	03/2020	03/2020	03/2021	03/2021	03/2021	03/2021	03/2021	Net Chg.
Housing Business	4,957	6,554	5,932	6,997	4,517	-	-	-	-	(439)
Condos Business	2,048	8,687	1,667	16,226	1,012	-	-	-	-	(1,036)
Other	732	803	859	884	928	-	-	-	-	+195
Sales	7,738	16,044	8,459	24,108	6,458	-	-	-	-	(1,280)
Housing Business	(328)	230	(223)	39	(412)	-	-	-	-	(83)
Condos Business	(252)	1,058	(327)	1,369	(463)	-	-	-	-	(210)
Other	(51)	(50)	(19)	(30)	(59)	-	-	-	-	(7)
Total	(633)	1,238	(571)	1,378	(934)	-	-	-	-	(301)
Elimination	(257)	(204)	(264)	(274)	(248)	-	-	-	-	+8
Operating Profit	(890)	1,034	(835)	1,104	(1,183)	-	-	-	-	(293)
Housing Business	(6.6%)	3.5%	(3.8%)	0.6%	(9.1%)	-	-	-	-	(2.5%)
Condos Business	(12.3%)	12.2%	(19.7%)	8.4%	(45.7%)	-	-	-	-	(33.4%)
Other	(7.1%)	(6.3%)	(2.2%)	(3.4%)	(6.4%)	-	-	-	-	+0.7%
Elimination	(3.3%)	(1.3%)	(3.1%)	(1.1%)	(3.9%)	-	-	-	-	(0.5%)
Operating Profit Margin	(11.5%)	6.4%	(9.9%)	4.6%	(18.3%)	-	-	-	-	(6.8%)

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 03/2020	Q2 03/2020	Q3 03/2020	Q4 03/2020	Q1 03/2021	Q2 03/2021	Q3 03/2021	Q4 03/2021		
Cash and Deposit	7,557	8,921	7,265	8,220	8,085	-	-	-	-	+528
Accounts Receivables	1,718	1,985	2,461	2,734	1,920	-	-	-	-	+202
Inventory	42,970	41,275	47,344	39,985	42,351	-	-	-	-	(618)
Other	1,689	1,900	2,490	2,430	2,245	-	-	-	-	+555
Current Assets	53,935	54,083	59,562	53,371	54,602	-	-	-	-	+667
Tangible Assets	2,077	2,064	2,046	2,183	2,162	-	-	-	-	+84
Intangible Assets	33	31	94	85	97	-	-	-	-	+63
Investments and Other Assets	2,491	2,226	2,461	2,256	2,651	-	-	-	-	+159
Fixed Assets	4,603	4,323	4,601	4,525	4,910	-	-	-	-	+307
Total Assets	58,538	58,406	64,163	57,896	59,513	-	-	-	-	+975
Accounts Payables	4,346	6,180	4,100	6,989	3,874	-	-	-	-	(471)
Short Term Debt	21,380	19,920	26,520	21,080	27,286	-	-	-	-	+5,906
Advances Re. on Uncompleted Contracts	1,253	2,148	1,867	1,026	1,353	-	-	-	-	+100
Advances Received	2,628	1,106	1,536	1,009	1,205	-	-	-	-	(1,423)
Other	1,562	1,723	1,431	1,988	1,391	-	-	-	-	(170)
Current Liabilities	31,171	31,078	35,454	32,094	35,112	-	-	-	-	+3,940
Long Term Debt	8,870	8,150	10,140	7,364	7,078	-	-	-	-	(1,792)
Other	1,883	1,889	1,888	1,939	1,918	-	-	-	-	+35
Fixed Liabilities	10,753	10,039	12,028	9,303	8,996	-	-	-	-	(1,756)
Total Liabilities	41,924	41,117	47,483	41,397	44,108	-	-	-	-	+2,183
Shareholders' Equity	16,614	17,300	16,682	16,491	15,396	-	-	-	-	(1,217)
Other	(0)	(11)	(2)	6	8	-	-	-	-	+9
Net Assets	16,613	17,288	16,680	16,498	15,405	-	-	-	-	(1,208)
Total Liabilities and Net Assets	58,538	58,406	64,163	57,896	59,513	-	-	-	-	+975
Equity Capital	16,600	17,275	16,667	16,485	15,392	-	-	-	-	(1,208)
Interest Bearing Debt	30,250	28,070	36,660	28,444	34,364	-	-	-	-	+4,114
Net Debt	22,692	19,148	29,394	20,223	26,278	-	-	-	-	+3,585
Equity Ratio	28.4%	29.6%	26.0%	28.5%	25.9%	-	-	-	-	-
Net Debt Equity Ratio	136.7%	110.8%	176.4%	122.7%	170.7%	-	-	-	-	-
ROE (12 months)	4.1%	7.9%	5.3%	2.1%	1.1%	-	-	-	-	-
ROA (12 months)	2.1%	3.8%	2.4%	0.7%	0.2%	-	-	-	-	-
Days for Inventory Turnover	608	299	612	178	703	-	-	-	-	-
Quick Ratio	30%	35%	27%	34%	28%	-	-	-	-	-
Current Ratio	173%	174%	168%	166%	156%	-	-	-	-	-

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 03/2020	Q1 to Q2 03/2020	Q1 to Q3 03/2020	Q1 to Q4 03/2020	Q1 03/2021	Q1 to Q2 03/2021	Q1 to Q3 03/2021	Q1 to Q4 03/2021		
Operating Cash Flow	-	(5,823)	-	(5,634)	-	-	-	-	-	-
Investing Cash Flow	-	115	-	984	-	-	-	-	-	-
Operating CF and Investing CF	-	(5,708)	-	(4,649)	-	-	-	-	-	-
Financing Cash Flow	-	5,934	-	5,175	-	-	-	-	-	-

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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