

Meiho Enterprise (8927)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY07/2016		5,774	459	406	314	12.7	-	88.8
FY07/2017		7,496	675	536	747	30.3	-	119.4
FY07/2018CoE		15,000	2,170	2,000	1,800	73.0	5.0	-
FY07/2017		YoY	29.8%	47.2%	31.8%	137.9%	-	-
FY07/2018CoE		YoY	100.1%	221.5%	273.1%	141.0%	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY07/2017		3,290	290	220	189	-	-	-
Q3 to Q4 FY07/2017		4,206	385	315	558	-	-	-
Q1 to Q2 FY07/2018CoE		6,000	1,000	900	800	-	-	-
Q3 to Q4 FY07/2018CoE		9,000	1,170	1,100	1,000	-	-	-
Q1 to Q2 FY07/2018CoE		YoY	82.4%	244.8%	309.1%	323.3%	-	-
Q3 to Q4 FY07/2018CoE		YoY	114.0%	203.8%	248.9%	79.1%	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (14 September 2017)

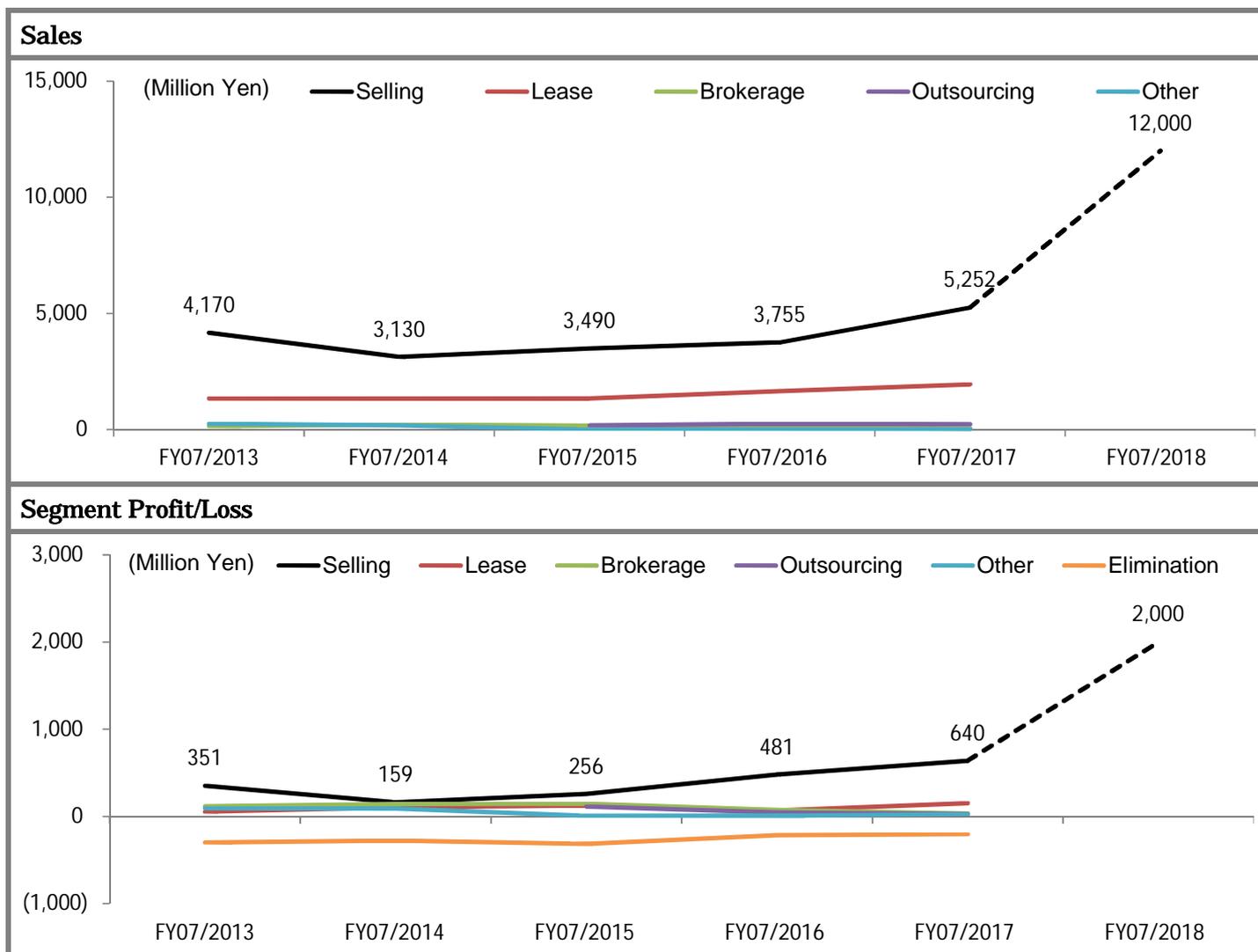
Resurrection

On 14 September 2017, Meiho Enterprise to run unique operations of selling real estate released its FY07/2017 results. It has been revealed that earnings were better than expected, due mainly to successful corporate efforts of “adding value” in the mainstay MIJAS operations to procure deformed land where it is hard to put up any buildings and to develop apartments for rent in there, while eventually selling them as real estate investment products. At the same time, it has been also revealed that prospective earnings in FY07/2018 are to soar in line with surging sales associated with the MIJAS operations. The Company, having had suffered from operating loss three years in a row through FY07/2009 to FY07/2011, has been seen steady and consistent recovery of earnings to date since having had turned into profit in FY07/2012. Indeed, the Company is now to resurrect. Presumably, having had fully reorganized operations as a whole, the Company has just announced that it will see changeover of management in order to further pursue strengthening of management structure, etc.

[Meiho Enterprise Co., Ltd.](http://www.meiho-est.co.jp)

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Source: Company Data, WRJ Estimates

FY07/2017 Results

In FY07/2017, sales came in at ¥7,496m (up 29.8% YoY), operating profit ¥675m (up 47.2%) and operating profit margin 9.0% (up 1.0% point).

In the business segment to run operations of selling real estate, sales came in at ¥5,252m (up 39.8%), segment profit ¥640m (up 33.0%) and segment profit margin 12.2% (down 0.6% points), having accounted for 70.1% of sales as a whole for the Company and 72.8% of collective segment profit before elimination. Thus, earnings as a whole for the Company hinge on those of this business segment to a large extent as far as we could see. In regards to the mainstay MIJAS operations to sell apartments for rent, the Company saw the number of buildings to have been sold as many as 15 with average selling prices per unit of somewhere between ¥200m and ¥300m.

Meanwhile, for sale in progress real estate mainly associated with the MIJAS operations stood at ¥4,536m as of the end of FY07/2017, almost doubled from ¥2,288m as of the of FY07/2016. As far as formed land is concerned, it is getting harder to procure in the market due to hiking prices, etc. but deformed land with which the Company is involved is likely remaining available at reasonable prices. Thus, the Company is to remain being aggressive for newly procuring land in the foreseeable future. The Company suggests it takes no more than 11 months to sell land to have been procured as real estate investment products to generate income steadily and consistently.

FY07/2018 Company Forecasts

FY07/2018 Company forecasts are going for prospective sales of ¥15,000m (up 100.1% YoY), operating profit of ¥2,170m (up 221.5%) and operating profit margin of 14.5% (up 5.5% points). Meanwhile, Company forecasts are going for prospective dividend of ¥5.0 per share, after suspensions for 9 years in a row.

As far as we could gather, Company forecasts assume prospective sales of ¥12,000m (up 128.5%), segment profit ¥2,000m (up 212.1%) and segment profit margin of 16.7% (up 4.5% points) for the business segment to run operations of selling real estate.

For example, as suggested in the release on 3 August 2017, it appears that the Company saw selling of a large-scale project worth as much as ¥2,262m after the beginning of FY07/2018. In the sales contract concluded on the same day, it was agreed that the Company was to sell this property located in the central Kyoto on 31 August to Takara Leben CO.,LTD. to run real estate operations. The Company procured it as building of co-housing, while having sold it as building of accommodation or hotel after own refurbishment. As far as we could see, the Company here made the advocated corporate efforts of “adding value” exceptionally well.

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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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