

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)
FY03/2023	40,970	(149)	(191)	(245)	(22.15)	25.00	1,308.19
FY03/2024	45,860	952	935	648	58.31	25.00	1,338.62
FY03/2025CoE	53,000	1,350	1,200	800	71.85	25.00	-
FY03/2024	YoY	11.9%	-	-	-	-	-
FY03/2025CoE	YoY	15.6%	41.7%	28.3%	23.4%	-	-

Source: Company Data, WRJ Calculation

1.0 Results Update (23 May 2024)

Absolutely Crucial for Society


On 10 May 2024, Sanyo Homes, running operations to build housings on a contract basis and develop condos for sale, released its FY03/2024 results. It has been revealed that the Company returned to profitability and a further improvement is expected for income and expenses. On the Condo Business side in charge of developing condos for sale, the Company saw intensive new completions and thus sales for Q4 FY03/2024, which was the key contributor to the turnaround for the Company's income and expenses on a full-year basis. Meanwhile, the Company sees that inventory (completed condos, condos in progress, etc.) still stands at a high level at the moment, implying a high probability for sales and operating profit on the Condo Business side to remain at a high level for FY03/2025. At the same time, it appears that an improvement in income and expenses is expected also on the Housing Business side in charge of operations to build housings on a contract basis. Elsewhere, the Company has newly instituted a vision statement that goes "we will continue to be absolutely crucial for society," while reiterating that it aims at a sustainable enhancement of corporate value by means of developing its business based on the slogan that goes "homes that delight people and the earth," as the cornerstone of management. At the same time, the Company has introduced a stock compensation plan for employees as investments in human capital, which is expected to continue providing an environment in which each of them can fully demonstrate own performance. We are to attend the Company's results briefing to be held on Thursday, 30 May, while planning to interview with the management so that we should be able to update our Company Report to release afresh.

Our Company Report: [Sanyo Homes \(1420\) Return to Profitability \(5 July 2023\)](#).

IR Representative: Yasuhiko Sugise, Executive Officer & Manager, Business Administration Division
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2.0 Company Profile

Putting forward a Comprehensive Proposal for “Housing Life”

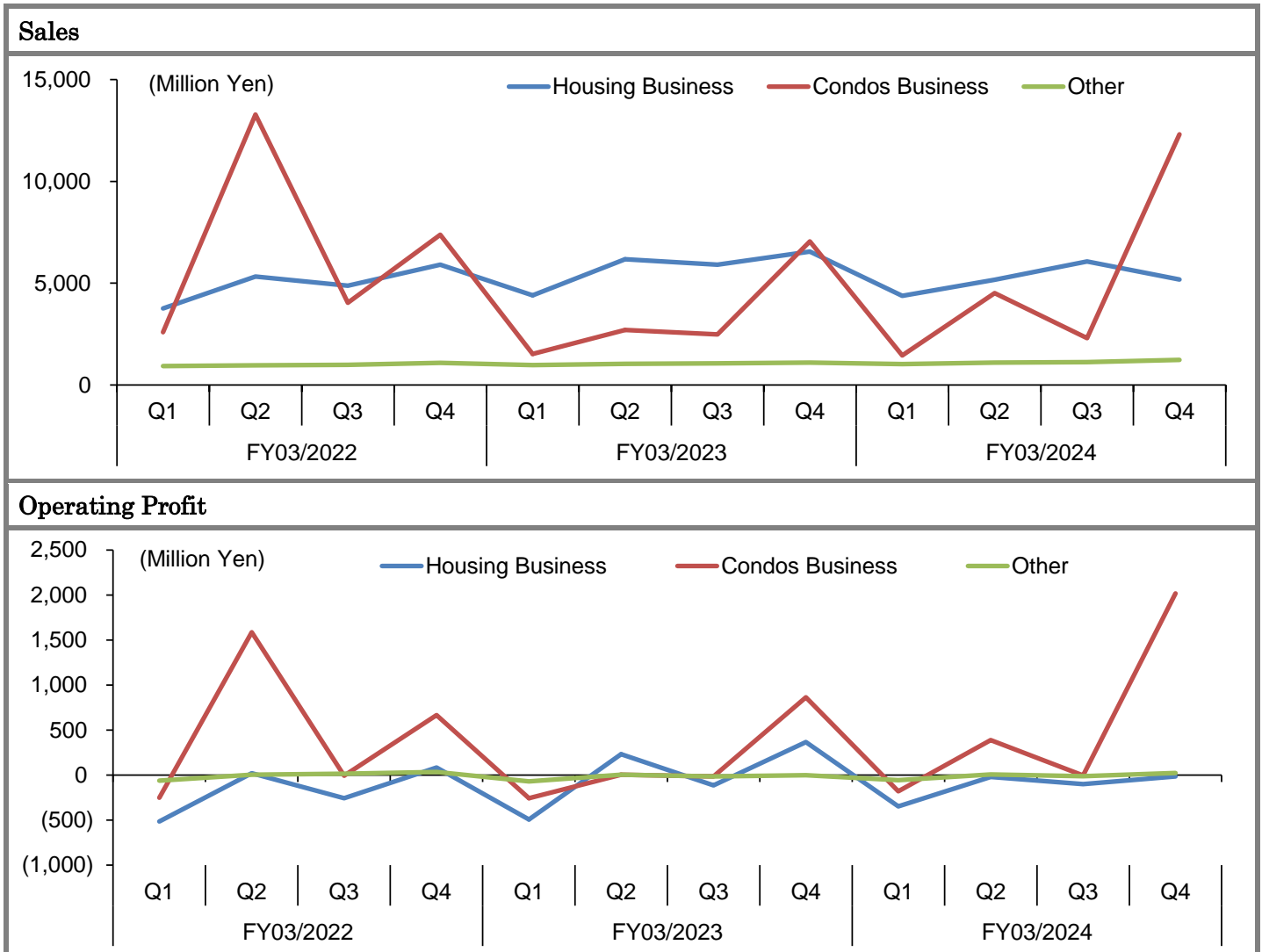
Company Name	<p>Sanyo Homes Corporation</p> <p>Company Website</p> <p>IR Information</p> <p>Share price (Japanese)</p>	
Founded	11 October 1996	
Listing	<p>4 April 2022: Tokyo Stock Exchange Standard Market (ticker: 1420)</p> <p>9 April 2014: Tokyo Stock Exchange 1st section</p> <p>9 April 2013: Tokyo Stock Exchange 2nd section</p>	
Capital	¥5,945m (as of the end of March 2024)	
No. of Shares	12,620,000 shares, including 1,485,386 treasury shares (as of the end of March 2024)	
Main Features	<ul style="list-style-type: none"> ● Rooted in Kubota House Co. Ltd. or provider of custom-built housings (steel-framed/prefabricated) ● Operations mainly in Kinki region (Kansai) and Kanto region (the Tokyo metropolitan area, etc.) ● Condos Business to develop condos for sale, the key earnings pillar 	
Business Segments	<p>I . Housing Business (operations to build housings on a contract basis: detached housings, real estate solution, renovation, renewal distribution and frontier)</p> <p>II . Condos Business (development of condos for sale)</p> <p>III. Other (life support)</p>	
Representative	President & Representative Director: Hisashi Matsuoka	
Shareholders	LIXIL Corp. 26.05%, ORIX Corp. 16.17%, Kansai Electric Power 12.44%, SECOM Co. 10.92%, Custody Bank of Japan 6.79% (as of the end of March 2024, but for treasury shares)	
Head Office	Nishi-ku, Osaka-city, JAPAN	
No. of Personnel	Consolidated: 794, Parent: 340 (as of the end of March 2024)	

Source: Company Data

3.0 Recent Trading and Prospects

FY03/2024

For FY03/2024, sales came in at ¥45,860m (up 11.9% YoY), operating profit ¥952m (versus minus ¥149m in the previous year), recurring profit ¥935m (minus ¥191m) and profit attributable to owners of parent ¥648m (minus ¥245m), while operating profit margin 2.1% (up 2.4% points).

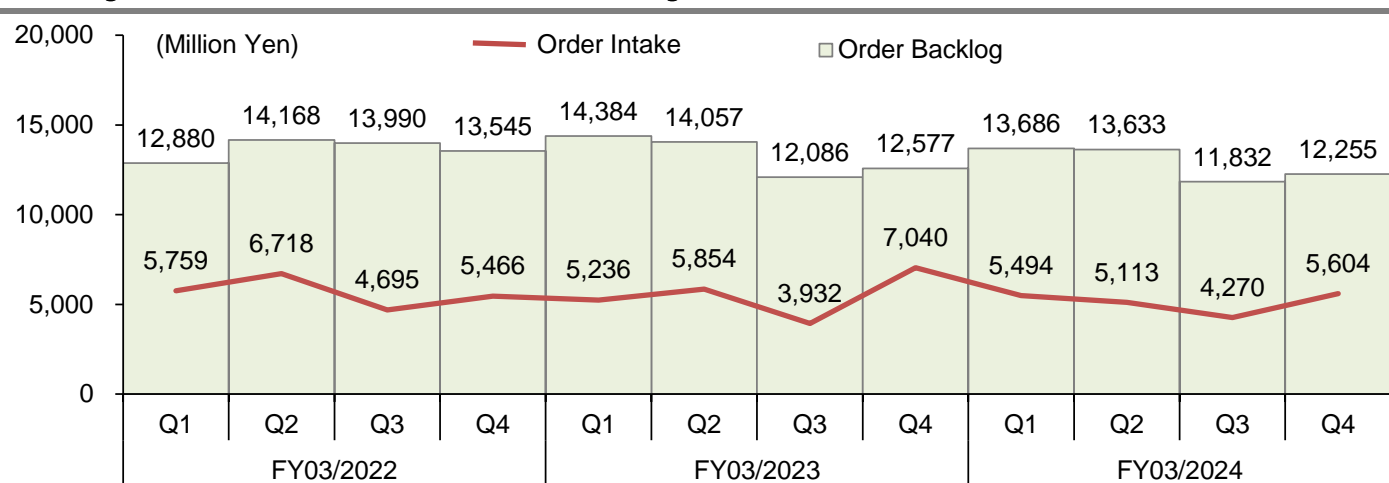


Source: Company Data, WRJ Calculation

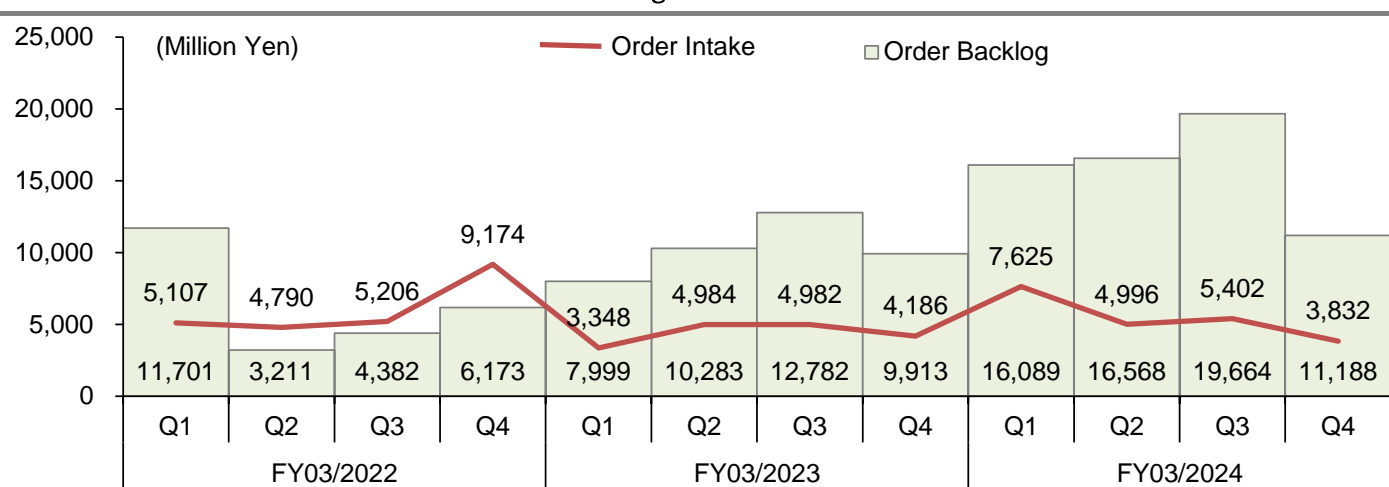
Housing Business (45.4% of sales)

On the Housing Business side in charge of operations to build housings on a contract basis, sales came in at ¥20,803m (down 9.7%), operating profit minus ¥483m (versus minus ¥5m in the previous year) and operating profit margin minus 2.3% (down 2.3% points). Meanwhile, order intake came in at ¥20,481m (down 7.2%) and order backlog stood at ¥12,255m (down 2.6%). According to the Company, sales and order intake have stagnated due mainly to those of real estate solution (ex-rental & welfare housings, i.e., rented cluster housings and pogeys). More importantly, however, the Company has seen order intake kicking in after the beginning of FY03/2025 for some large-scale projects associated with real estate solution to build properties with respect to those of having had been already contracted for designing, while the latest unit prices of order intake, across the board, have almost fully reflected increases in steel prices, personnel costs as a result of labor shortage, etc. On top of this, the Company is looking to an increase in the number of projects for order to be placed, which is expected to raise capacity utilization rate for own factory to manufacture steel-frame structures that utilize the Company's lightweight steel frame technology. In conclusion, it appears that a major improvement is expected in income and expenses for FY03/2025.

Housing Business: Order Intake and Order Backlog



Condos Business: Order Intake and Order Backlog



Source: Company Data, WRJ Calculation

Condos Business (44.9% of sales)

On the Condos Business side in charge of development of condos for sale, sales came in at ¥20,582m (up 49.6%), operating profit ¥2,224m (up 271.4%) and operating profit margin 10.8% (up 6.5% points). Meanwhile, order intake came in at ¥21,856m (up 24.9%) and order backlog stood at ¥11,188m (up 12.9%). For FY03/2023, the Company saw only two new buildings completed (two for Q4) versus seven for FY03/2024 (one for Q2 and six for Q4), while also going for seven in the number of buildings to be newly completed for FY03/2025.

FY03/2025 Company Forecasts

FY03/2025 Company forecasts, announced on 10 May 2024, are going for prospective sales of ¥53,000m (up 15.6% YoY), operating profit of ¥1,350m (up 41.7%), recurring profit of ¥1,200m (up 28.3%) and profit attributable to owners of parent of ¥800m (up 23.4%), while operating profit margin of 2.5% (up 0.5% points). At the same time, Company forecasts are going for planned annual dividend of ¥25.00 per share for FY03/2025, implying payout ratio of 34.8%.

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.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	6,899	16,822	26,269	40,970	6,860	17,641	27,139	45,860		+4,889
Cost of Sales	5,902	13,942	21,779	33,479	5,694	14,252	21,998	36,722		+3,243
Gross Profit	996	2,880	4,490	7,491	1,165	3,389	5,140	9,137		+1,646
SG&A Expenses	1,994	3,774	5,696	7,641	1,946	3,938	6,004	8,184		+543
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	(863)	952		+1,102
Non Operating Balance	3	(12)	(30)	(41)	(21)	(24)	(38)	(17)		+23
Recurring Profit	(993)	(906)	(1,237)	(191)	(802)	(573)	(901)	935		+1,126
Extraordinary Balance	-	-	-	(81)	(0)	(0)	(0)	(14)		+67
Profit before Income Taxes	(993)	(906)	(1,237)	(272)	(802)	(573)	(901)	921		+1,193
Total Income Taxes	(297)	(260)	(347)	(27)	(242)	(191)	(279)	272		+299
Profit Attributable to Owners of Parent	(696)	(646)	(890)	(245)	(559)	(382)	(622)	648		+894
Sales YoY	(5.2%)	(37.3%)	(28.5%)	(19.9%)	(0.6%)	+4.9%	+3.3%	+11.9%		-
Operating Profit YoY	-	-	-	-	-	-	-	-		-
Recurring Profit YoY	-	-	-	-	-	-	-	-		-
Profit Attributable to Owners of Parent YoY	-	-	-	-	-	-	-	-		-
Gross Profit Margin	14.5%	17.1%	17.1%	18.3%	17.0%	19.2%	18.9%	19.9%		+1.6%
SG&A Ratio	28.9%	22.4%	21.7%	18.7%	28.4%	22.3%	22.1%	17.8%		(0.8%)
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	(3.2%)	2.1%		+2.4%
Recurring Profit Margin	(14.4%)	(5.4%)	(4.7%)	(0.5%)	(11.7%)	(3.3%)	(3.3%)	2.0%		+2.5%
Profit Attributable to Owners of Parent Margin	(10.1%)	(3.8%)	(3.4%)	(0.6%)	(8.2%)	(2.2%)	(2.3%)	1.4%		+2.0%
Total Income Taxes / Profit before Income Taxes	-	-	-	-	-	-	-	29.6%		-
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.
	03/2023	03/2023	03/2023	03/2023	03/2024	03/2024	03/2024	03/2024	03/2024	
Sales	6,899	9,923	9,446	14,701	6,860	10,781	9,497	18,720		+4,019
Cost of Sales	5,902	8,040	7,836	11,700	5,694	8,557	7,746	14,724		+3,024
Gross Profit	996	1,883	1,609	3,001	1,165	2,223	1,751	3,996		+995
SG&A Expenses	1,994	1,780	1,921	1,944	1,946	1,991	2,065	2,180		+235
Operating Profit	(997)	102	(312)	1,056	(781)	232	(313)	1,816		+759
Non Operating Balance	3	(15)	(18)	(10)	(21)	(3)	(13)	20		+30
Recurring Profit	(993)	87	(330)	1,046	(802)	228	(327)	1,836		+790
Extraordinary Balance	-	-	-	(81)	(0)	-	(0)	(13)		+67
Profit before Income Taxes	(993)	87	(330)	964	(802)	228	(327)	1,822		+857
Total Income Taxes	(297)	36	(86)	320	(242)	51	(87)	551		+231
Profit Attributable to Owners of Parent	(696)	50	(244)	644	(559)	177	(239)	1,270		+626
Sales YoY	(5.2%)	(49.3%)	(4.5%)	+2.2%	(0.6%)	+8.6%	+0.5%	+27.3%		-
Operating Profit YoY	-	(92.6%)	-	+62.9%	-	+125.8%	-	+71.9%		-
Recurring Profit YoY	-	-	-	+59.1%	-	-	-	+75.5%		-
Profit Attributable to Owners of Parent YoY	-	(94.8%)	-	+53.7%	-	+251.9%	-	+97.1%		-
Gross Profit Margin	14.5%	19.0%	17.0%	20.4%	17.0%	20.6%	18.4%	21.3%		+0.9%
SG&A Ratio	28.9%	17.9%	20.3%	13.2%	28.4%	18.5%	21.7%	11.6%		(1.6%)
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	(3.3%)	9.7%		+2.5%
Recurring Profit Margin	(14.4%)	0.9%	(3.5%)	7.1%	(11.7%)	2.1%	(3.4%)	9.8%		+2.7%
Profit Attributable to Owners of Parent Margin	(10.1%)	0.5%	(2.6%)	4.4%	(8.2%)	1.6%	(2.5%)	6.8%		+2.4%
Total Income Taxes / Profit before Income Taxes	-	42.2%	-	33.2%	-	22.5%	-	30.3%		(2.9%)

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative / Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024		
Housing Business	4,397	10,579	16,482	23,032	4,384	9,550	15,622	20,803		(2,229)
Condos Business	1,522	4,222	6,706	13,761	1,449	5,967	8,273	20,582		+6,820
Other	979	2,021	3,080	4,176	1,026	2,123	3,243	4,474		+297
Sales	6,899	16,822	26,269	40,970	6,860	17,641	27,139	45,860		+4,889
Housing Business	(492)	(258)	(373)	(5)	(346)	(366)	(467)	(483)		(478)
Condos Business	(255)	(251)	(265)	598	(178)	209	205	2,224		+1,625
Other	(69)	(62)	(77)	(80)	(57)	(50)	(63)	(38)		+41
Total	(816)	(572)	(716)	513	(583)	(207)	(325)	1,702		+1,189
Elimination	(180)	(321)	(490)	(663)	(197)	(342)	(537)	(749)		(86)
Operating Profit	(997)	(894)	(1,206)	(149)	(781)	(549)	(863)	952		+1,102
Housing Business	(11.2%)	(2.4%)	(2.3%)	(0.0%)	(7.9%)	(3.8%)	(3.0%)	(2.3%)		(2.3%)
Condos Business	(16.8%)	(5.9%)	(4.0%)	4.4%	(12.3%)	3.5%	2.5%	10.8%		+6.5%
Other	(7.1%)	(3.1%)	(2.5%)	(1.9%)	(5.6%)	(2.4%)	(2.0%)	(0.9%)		+1.1%
Elimination	(2.6%)	(1.9%)	(1.9%)	(1.6%)	(2.9%)	(1.9%)	(2.0%)	(1.6%)		(0.0%)
Operating Profit Margin	(14.5%)	(5.3%)	(4.6%)	(0.4%)	(11.4%)	(3.1%)	(3.2%)	2.1%		+2.4%

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024		
Housing Business	4,397	6,181	5,903	6,550	4,384	5,166	6,071	5,181		(1,368)
Condos Business	1,522	2,699	2,484	7,054	1,449	4,518	2,306	12,308		+5,253
Other	979	1,041	1,058	1,096	1,026	1,096	1,120	1,231		+134
Sales	6,899	9,923	9,446	14,701	6,860	10,781	9,497	18,720		+4,019
Housing Business	(492)	233	(114)	367	(346)	(19)	(101)	(15)		(383)
Condos Business	(255)	4	(14)	864	(178)	388	(4)	2,019		+1,155
Other	(69)	6	(14)	(2)	(57)	7	(12)	25		+27
Total	(816)	244	(143)	1,229	(583)	376	(118)	2,028		+798
Elimination	(180)	(141)	(168)	(173)	(197)	(144)	(195)	(212)		(39)
Operating Profit	(997)	102	(312)	1,056	(781)	232	(313)	1,816		+759
Housing Business	(11.2%)	3.8%	(1.9%)	5.6%	(7.9%)	(0.4%)	(1.7%)	(0.3%)		(5.9%)
Condos Business	(16.8%)	0.2%	(0.6%)	12.2%	(12.3%)	8.6%	(0.2%)	16.4%		+4.2%
Other	(7.1%)	0.6%	(1.4%)	(0.2%)	(5.6%)	0.7%	(1.1%)	2.0%		+2.2%
Elimination	(2.6%)	(1.4%)	(1.8%)	(1.2%)	(2.9%)	(1.3%)	(2.1%)	(1.1%)		+0.0%
Operating Profit Margin	(14.5%)	1.0%	(3.3%)	7.2%	(11.4%)	2.2%	(3.3%)	9.7%		+2.5%

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 03/2023	Q1 to Q2 03/2023	Q1 to Q3 03/2023	Q1 to Q4 03/2023	Q1 03/2024	Q1 to Q2 03/2024	Q1 to Q3 03/2024	Q1 to Q4 03/2024		
Operating Cash Flow	-	(1,114)	-	2,555	-	(429)	-	3,538		+982
Investing Cash Flow	-	(60)	-	(117)	-	(9)	-	(16)		+101
Operating CF and Investing CF	-	(1,175)	-	2,438	-	(438)	-	3,521		+1,083
Financing Cash Flow	-	1,261	-	1,776	-	(2,500)	-	(5,134)		(6,910)

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 03/2023	Q2 03/2023	Q3 03/2023	Q4 03/2023	Q1 03/2024	Q2 03/2024	Q3 03/2024	Q4 03/2024		
Cash and Deposit	7,930	9,123	9,062	13,252	8,915	10,313	7,539	11,639	(1,612)	
Accounts Receivables	1,507	1,720	1,983	1,962	2,430	2,134	2,710	1,566	(395)	
Inventory	28,529	29,152	29,713	28,067	30,168	31,288	32,355	26,654	(1,413)	
Other	803	817	843	777	876	1,121	1,497	847	+70	
Current Assets	38,771	40,815	41,602	44,059	42,390	44,858	44,102	40,708	(3,351)	
Tangible Assets	2,699	3,440	3,425	3,364	3,337	3,309	3,287	3,239	(124)	
Intangible Assets	84	83	78	61	54	49	44	80	+18	
Investments and Other Assets	2,616	2,627	2,729	2,428	2,665	2,669	2,759	2,378	(50)	
Fixed Assets	5,401	6,151	6,234	5,854	6,057	6,028	6,091	5,698	(156)	
Total Assets	44,172	46,966	47,837	49,913	48,448	50,886	50,193	46,406	(3,507)	
Accounts Payables	3,149	3,937	4,313	5,964	3,491	7,068	3,943	6,615	+650	
Short Term Debt	8,130	9,872	9,141	10,291	14,146	10,695	15,746	10,778	+487	
Corporate Bond (Less Than 1 Year)	100	100	100	100	100	100	100	100	0	
Advances Re. on Uncompleted Contracts	3,860	3,947	3,781	3,343	3,450	4,032	3,473	3,425	+81	
Advances Received	360	416	579	378	587	569	935	270	(108)	
Other	1,355	1,346	1,464	1,960	1,302	3,834	2,076	2,354	+394	
Current Liabilities	16,956	19,619	19,380	22,038	23,077	26,300	26,275	23,543	+1,505	
Long Term Debt	10,806	10,905	12,250	11,051	9,396	8,488	8,057	5,821	(5,230)	
Corporate Bond	400	350	350	300	300	250	250	200	(100)	
Other	1,950	1,966	1,974	2,006	2,008	1,980	1,983	1,936	(70)	
Fixed Liabilities	13,156	13,221	14,574	13,357	11,704	10,718	10,290	7,957	(5,400)	
Total Liabilities	30,112	32,841	33,955	35,396	34,781	37,018	36,566	31,501	(3,894)	
Shareholders' Equity	14,073	14,138	13,894	14,539	13,688	13,889	13,649	14,920	+381	
Other	(13)	(13)	(13)	(21)	(21)	(21)	(22)	(15)	+6	
Net Assets	14,060	14,125	13,881	14,517	13,666	13,867	13,627	14,905	+387	
Total Liabilities and Net Assets	44,172	46,966	47,837	49,913	48,448	50,886	50,193	46,406	(3,507)	
Equity Capital	14,060	14,125	13,881	14,517	13,666	13,867	13,627	14,905	+388	
Interest Bearing Debt	19,436	21,227	21,841	21,742	23,942	19,533	24,153	16,899	(4,843)	
Net Debt	11,505	12,103	12,778	8,489	15,026	9,219	16,613	5,259	(3,230)	
Equity Ratio	31.8%	30.1%	29.0%	29.1%	28.2%	27.3%	27.2%	32.1%	-	
Net Debt Equity Ratio	81.8%	85.7%	92.1%	58.5%	110.0%	66.5%	121.9%	35.3%	-	
ROE (12 months)	2.7%	(3.7%)	(3.3%)	(1.7%)	(0.8%)	0.1%	0.2%	4.4%	-	
ROA (12 months)	1.3%	(1.5%)	(1.2%)	(0.4%)	0.0%	0.3%	0.3%	1.9%	-	
Days for Inventory Turnover	441	331	346	219	483	334	381	165	-	
Quick Ratio	56%	55%	57%	69%	49%	47%	39%	56%	-	
Current Ratio	229%	208%	215%	200%	184%	171%	168%	173%	-	

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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