

Polaris Holdings (3010)

Resurgent business generating shareholder value

20 May 2024

Q4 FY3/24 results update

- **Record-high operating profit and free cash flow generation** – Q1-4 FY3/24 results were ahead of guidance, driven by strong underlying demand for hotel operations. We believe FY3/24 was a pivotal year when Polaris demonstrated significant improvement in its fundamentals – improving its quality of earnings with a greater level of predictability, the ability to generate shareholder value with positive free cash flow, and financial stability. FY3/25 guidance points to sustained high growth stemming from a robust market environment and growing inbound demand, and reinstating dividends points to proactive capital allocation to shareholder returns which was a positive surprise.

New medium-term plan

- **Targets focus on growth and future transformation** – the company has successfully emerged from the strategic turnaround instigated by Star Asia Group and is transitioning to become a financially stable and value-generating member of its ecosystem. A new medium-term plan has been unveiled covering FY3/25 to FY3/27 which encompasses multiple foundational elements that will inform and shape its strategy, ranging from management philosophy, long-term vision, and quantitative financial targets for FY3/27. The plan targets sustained annual sales and earnings growth in the high teens, and an ROE of 15% as well as a 30% payout ratio in FY3/27. We believe this announcement is a step in the right direction for the company, focusing on stable and predictable earnings growth, together with a positive stance on shareholder returns.
- **Valuations** – on our revised earnings estimates the shares are trading on PER FY3/25 of 19.5x, an FCF yield of 8.7%, and a 1.2% dividend yield.

Year-end	3/23	3/24	3/25E	3/26E	3/26E
Sales (¥bn)	7.02	22.55	20.56	23.75	26.33
OP (¥bn)	0.00	3.38	2.06	2.73	3.16
NI (¥bn)	0.53	2.36	1.53	1.84	1.98
EPS (¥)	4.98	19.21	12.42	15.02	16.15
DPS (¥)	-	-	3.00	4.51	4.84
Sales growth YoY (%)	+89.0	+221.3	-8.8	+15.5	+10.9
OP growth YoY (%)	N/A	N/A	-39.2	+32.8	+15.7
NP growth YoY (%)	N/A	+341.5	-35.3	+20.9	+7.5
EPS growth YoY (%)	N/A	+285.8	-35.3	+20.9	+7.5
PER (x)	48.6	12.6	19.5	16.1	15.0
EV/EBITDA (x)	51.5	9.4	14.4	11.1	9.7
EV/Sales (x)	5.5	1.7	1.9	1.6	1.5
PBR (x)	10.3	4.4	4.4	5.4	6.3
ROE (%)	18.4	34.3	22.3	33.3	41.4
ROCE (%)	0.0	19.4	11.8	17.0	20.6
FCF yield (%)	(0.4)	25.3	8.7	6.3	8.5
Dividend yield (%)	-	-	1.2	1.9	2.0

Source: Company, Astris Advisory (estimates)

*Note: outstanding dilution is 8.4%

Share price: ¥242 Market cap: ¥30.0bn



Source: Bloomberg

Price Performance				
	YTD	1M	3M	12M
Abs (%)	+46.7	+3.4	+12.6	+149.5
Rel (%)	+25.4	-1.9	+6.8	+94.8

Company sector	
Real Estate Management/Services	
Hotels, Restaurants & Leisure (GICS)	

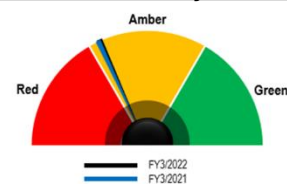
Stock data	
Price (¥)	242
Mkt cap (¥bn)	30.0
Mkt cap (\$m)	192.9
52-week range (¥)	95-285
Shares O/S (m)	124.1
Average daily value (\$m)	1.0
Free float (%)	21.9
Foreign shareholding (%)	83.5
Ticker	3010
Exchange	Tokyo Standard
Net Debt/Equity (x)	4.4
FFO leverage (x)	1.0
BBG BUY HOLD SELL	0 0 0

Source: Bloomberg

Business Overview

Polaris Holdings is a hotel operator with three domestic key franchises - Best Western Japan, KOKO HOTEL, and Value The Hotel. It is shifting its business model towards low-risk management contracts, variable-rent lease contracts, and as an owner/operator.

Astris-Sustainability ESG rating



Reference Ratings	
MSCI	N/A
Sustainalytics	N/A
Refinitiv	N/A
S&P Global	N/A
Bloomberg	N/A

Next events

Q1 FY3/25 results August 2024

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This report has been commissioned and paid for by the company

Recent results

Q1-4 FY3/23 results

Company reported a record-high operating profit

Key financials

(¥bn)	Q1-4 FY3/23	Q1-4 FY3/24	YoY (%)	FY3/24 guidance	YoY (%)
Sales	7.02	22.55	+221.3	22.10	+214.9
Gross profit	6.51	15.95	+145.2	-	
Gross margins (%)	92.7	70.8		-	
Operating profit/(loss)	0.00	3.38	N/A	3.07	N/A
Operating margins (%)	-	15.0		13.9	
Recurring profit	(0.22)	2.61	N/A	2.34	N/A
Net income attributable to the parent	0.53	3.30	+517.2	2.67	+399.8

Source: Company

Major recovery in Hotel operations, and one-time asset sale of two hotel properties

Per business segment (pre-elimination)

(¥bn)	Q1-4 FY3/23	Q1-4 FY3/24	YoY (%)
Sales			
Hotel operations	7.00	14.51	+107.3
Real estate	0.39	8.32	N/A
Operating profit/(loss)			
Hotel operations	0.22	1.75	+695.4
Real estate	0.07	2.32	N/A
Operating margins			
Hotel operations	3.2	12.0	
Real estate	17.5	27.9	

Source: Company

Key highlights

Q1-4 FY3/24 results were ahead of guidance, with the sustained demand in hotel operations complimented by the one-time asset sale of two hotel properties in Q2 FY3/24 (with an approximate OP impact of ¥2.05bn) in the real estate segment. The company has generated record-high earnings, as well as a major recovery in free cash flow generation. We believe FY3/24 was a pivotal year when Polaris demonstrated a **significant improvement in the quality of earnings with greater predictability for the future and an indication that it can generate shareholder value** with positive free cash flow.

The domestic hotel operation continued to see strong demand in Q4 FY3/24, with the occupancy rate remaining high at 79.3%, the average daily rate at ¥10,623 (+20.5% YoY), and RevPAR at ¥8,471 (+24.1% YoY). Overseas hotels also saw Q4 FY3/24 RevPAR of 1.028 Pesos (approximately ¥2,785), growing at 22.9% YoY.

The balance sheet demonstrates a stable and improving equity ratio YoY, the company repaid ¥5.88bn of long-term debt, resulting in a major improvement in the equity ratio – this denotes a major decline in reliance on debt financing. We estimate that the company will reach a positive net cash position in FY3/25.



Guidance for FY3/25

The company's **guidance indicates a strong underlying earnings trajectory**, exemplified by the adjusted growth profile YoY when ignoring the one-time impact of the real estate disposals in FY3/24.

The company has also reinstated FY dividends of ¥3 per share, implying a payout ratio of 25.3%. This positive development indicates that the company's financial health has improved sufficiently, and demonstrates a new commitment to shareholder value creation.

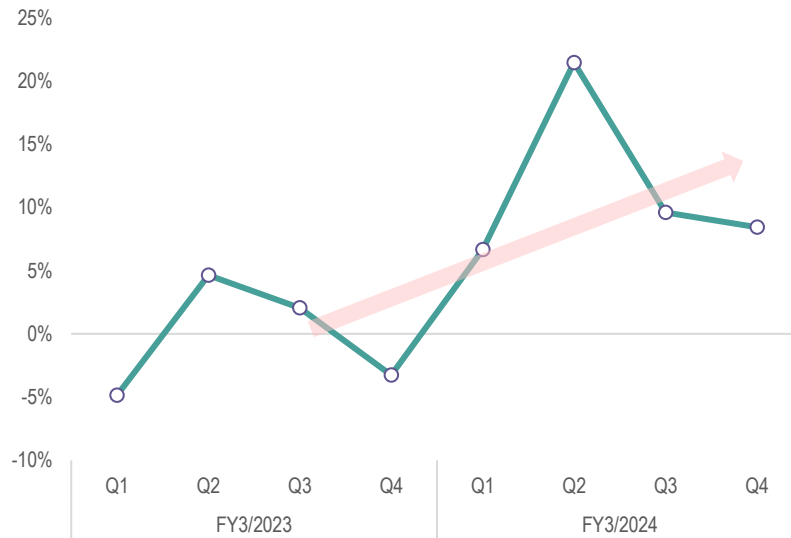
FY3/25 company guidance

(¥bn)	FY3/24 (actual)	FY3/24 (adjusted actual)	FY3/25 guidance	YoY (%)	YoY (adjusted %)
Sales	22.55	14.55	20.08	-10.9	+38.0
Gross profit	15.95	-	-		
Gross profit margin (%)	70.8	-	-		
Operating profit	3.38	1.34	1.89	-44.1	+41.6
Operating profit margin (%)	15.0	9.2	9.4		
Recurring profit	2.61	0.69	1.32	-49.6	+91.2
Net income	3.30	1.38	1.47	-55.3	+7.0
DPS (¥) (FY-basis)	-	-	3.0	-	-
Payout ratio (%)	-	-	25.3	-	-

Source: Company

Q2 FY3/24 benefitted from one-time asset sale, but underlying profitability trend remains on a positive trajectory

Quarterly operating margin trend (%)

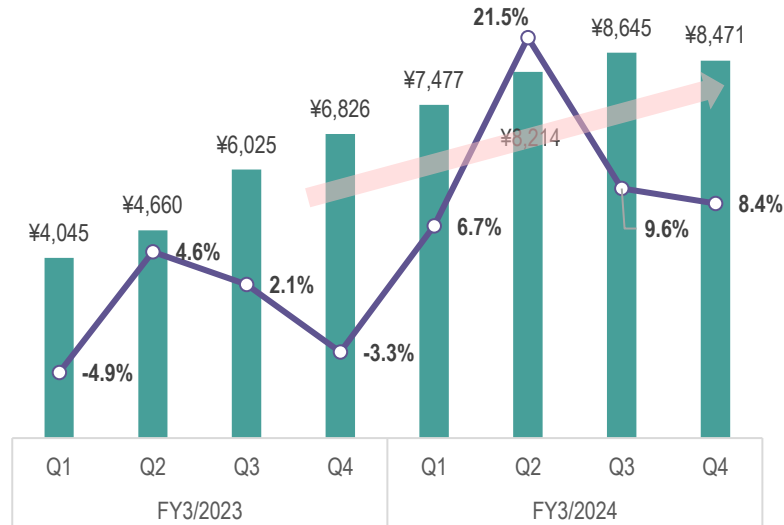


Source: Company



Q4 FY3/24 domestic RevPAR grew 24.1% YoY, driving overall profitability

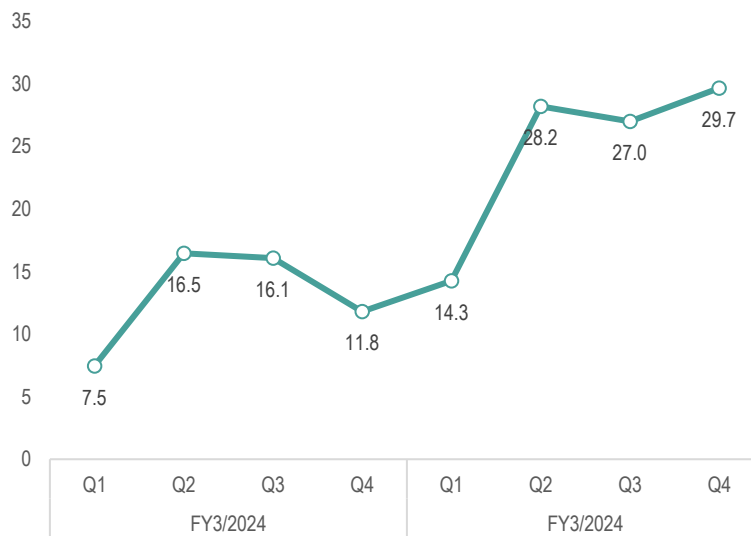
Quarterly trend in total OPM (%) and Domestic RevPAR (¥)



Source: Company

Balance sheet shows continued trend of reducing reliance on debt financing

Quarterly trend equity ratio (%)

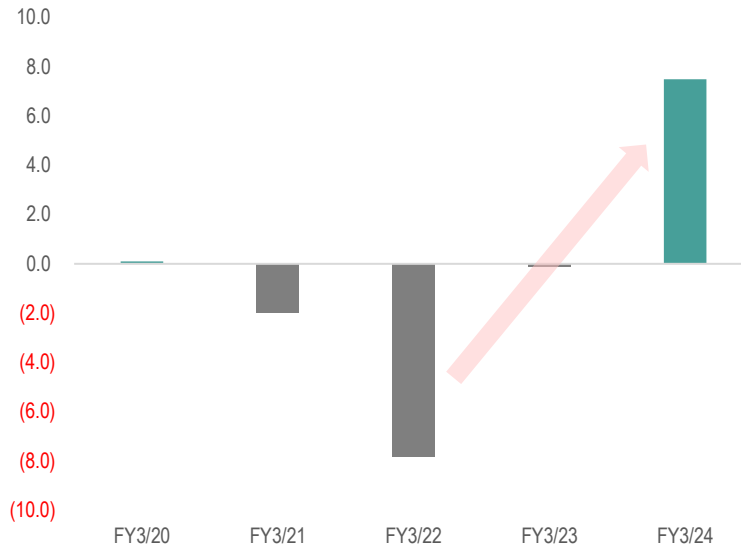


Source: Company



Polaris generated record high FCF in FY3/24

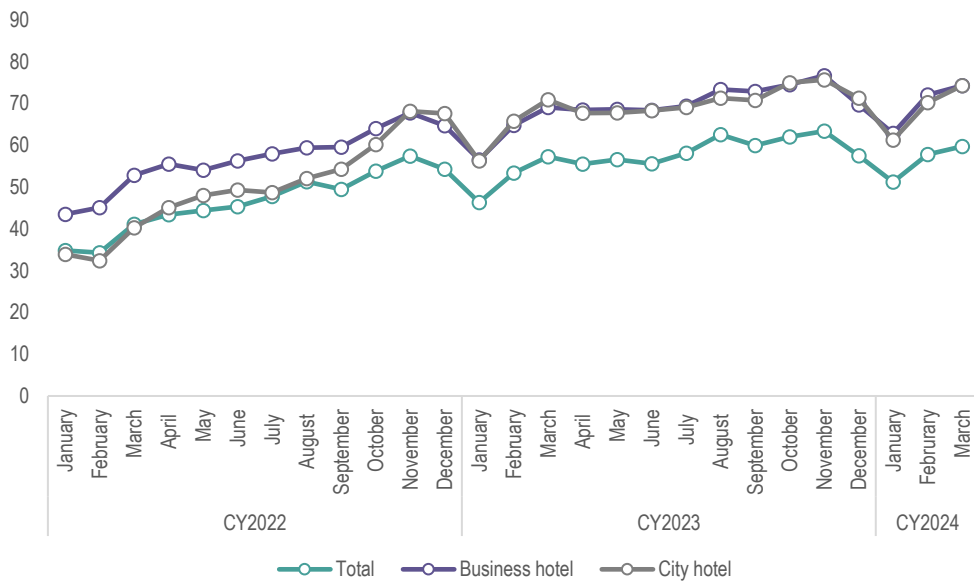
Annual trend in FCF



Source: Company

Occupancy rates for business (Polaris' area of focus), city hotels continue to outperform the overall market

Occupancy rate trend

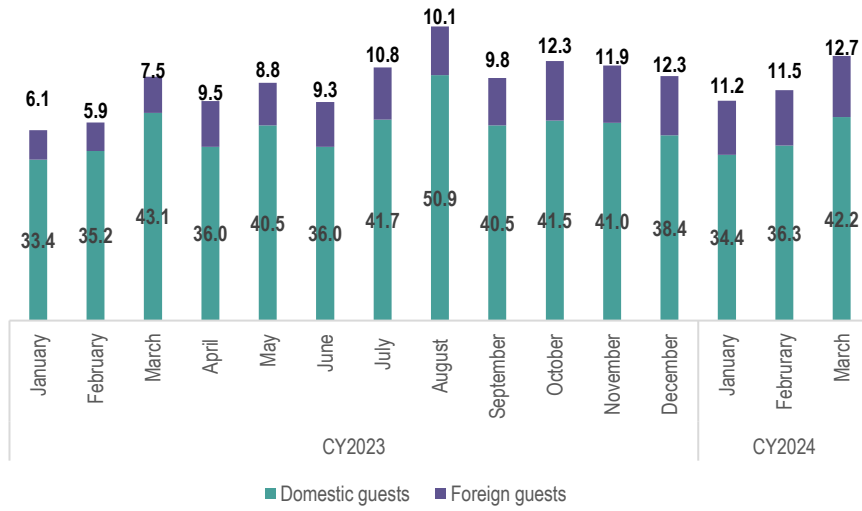


Source: Japan Tourism Agency



Continued momentum of foreign guest overnight stays into CY24

Trend in the number of guests (per million overnight stays per month)



Source: Japan Tourism Agency



Medium-term management plan

A comprehensive plan of action for FY3/25 - FY3/27

Polaris Holdings has announced a medium-term plan covering a comprehensive array of foundational elements that will inform and shape its strategy, ranging from a management philosophy, long-term vision, and quantitative financial targets for FY3/27.

With a focus on growth, commitment to generating shareholder value, and maintaining financial stability, the key targets are as follows.

Quantitative Targets for FY3/27

Target areas	FY3/24	FY3/27	Implied CAGR (2024-27) (%)
Sales (¥bn) (adjusted*)	14.55	25.00	+19.8
Operating profit (¥bn) (adjusted*)	1.34	2.90	+29.3
Implied operating margin (%)	9.2	11.6	
Normalized OP CAGR (%)			30
ROE (%)	N/A	15.0	
Others:			
Operating rooms	8,205	10,000	+6.8
Operating hotels	47	60	+8.4
Dividend payout ratio (%)	-	30	

Source: Company

Note: *Adjusted for one-time real estate transactions

Our commentary on the medium-term plan

The announcement of the medium-term plan indicates to us that the **turnaround strategy instigated by the sponsor has been a success** and that the company is transitioning to the next phase of **becoming a financially stable and value-generating member** of the Star Asia Group ecosystem.

With its long-term vision to become the ‘Company of Choice’ by all stakeholders, the company is focused on revenue management and profitability enhancement. The financial targets point to sales and earnings growth in the high teens for the medium term driven by new hotel openings and increasing operating rooms. While it is unclear whether targets are based on purely organic growth, the company has indicated its intention to expand its current operating platform to new hotel types such as resorts, ryokans (Japanese inns), and full-service hotels, and through potential M&A growth. There is also the potential for future capital gains from real estate transactions to drive one-time profits.

We believe this announcement is a step in the right direction for the company, focusing on stable and predictable earnings growth and a positive stance on shareholder returns.

Astris earnings estimates and key assumptions

We have revised our earnings estimates, with the changes in core assumptions as follows:

- **FY3/25 estimates** – we have lowered our expectations for operating margins to align with guidance, as with expectations of market-wide cost increases YoY.
- **Lowering expectations for operating margin expansion** – while we maintain that the company’s earnings trajectory remains positive, the new medium-term plan aims for operating margins to be more than 10%; relative to this, our previous estimates appear too bullish.
- **Effective tax rate** – FY3/25 guidance and the medium-term plan expectations indicate that there will be a period whereby tax loss carryforward will result in a zero effective tax rate. We are conservative and factored in effective tax rates from FY3/26 of 10%, and 20% for FY3/27. However, no tax will have a positive impact on free cash flow generation.

Revising our earnings estimates, but maintaining a positive earnings trajectory

Astris Advisory earnings estimates

Year-end	FY3/25 guidance	FY3/25E (old)	FY3/25E (new)	FY3/26E (old)	FY3/26E (new)	FY3/27E (new)
Sales (¥bn)	20.08	21.97	20.56	24.68	23.75	26.33
Growth YoY (%)	-10.9	-2.5	-8.8	+12.3	+15.5	+10.9
Operating profit (¥bn)	1.89	2.75	2.06	3.70	2.73	3.16
OPM (%)	9.4	12.5	10.0	15.0	11.5	12.0
EBITDA (¥bn)	N/A	3.19	2.67	4.20	3.44	3.95
EBITDA margin (%)	-	14.5	13.0	17.0	14.5	15.0
Recurring profit (¥bn)	1.32	2.62	1.37	3.56	2.05	2.48
Growth YoY (%)	-49.6	+0.4	-47.3	+35.8	+49.1	+20.9
*Implied effective tax rate (%)	-11.4	30.0	-11.0	30.0	10.0	20.0
Net income (¥bn)	1.47	1.83	1.53	2.49	1.84	1.98
Growth YoY (%)	-55.3	-44.5	-35.4	+36.1	+34.2	+7.5
DPS (¥)	3.0	-	3.0	-	4.5	4.8
Payout ratio (%)	25.3	-	26.8	-	30.0%	30.0%
Dividend yield (%)	1.2	-	1.2	-	1.7	1.8
FCF (¥bn)	N/A	5.38	2.58	3.26	1.88	2.52
FCF margin (%)	-	2.4	2.4	3.4	3.4	4.4
FCF conversion (%)	-	39.2	39.2	47.3	47.3	48.3
FCF yield (%)	-	17.9	8.7	10.9	6.3	8.5
Diluted FCF yield (%)	-	16.5	8.0	10.1	5.8	7.8

Source: Astris Advisory

Note: FCF conversion is FCF/Pre-tax Profit

Note*: Implied effective tax rate assumes no extraordinary gains or losses



Current domestic hotel portfolio – 33 hotels

Name	Location	Rooms	Contract type
BW Osaka Tsukamoto	Osaka	105	Fixed + variable rent
BW Plus Hotel Fino Chitose	Chitose	154	Fixed + variable rent
BW Plus Hotel Flno Osaka Kitahama	Osaka	129	Fixed rent lease
NEW BW Plus Nagoya Sakae	Nagoya	143	Fixed + variable rent
BW Hotel Fino Tokyo Akasaka	Tokyo	87	Fixed + variable rent
BW Hotel Fino Shin Yokohama	Yokohama	108	Fixed + variable rent
BW Plus Fukuoka Tenjin Minami	Fukuoka	236	Fixed + variable rent
VTH Ishinomaki	Miyagi	82	Fixed rent lease
VTH Narahakidoekimae	Fukushima	107	Fixed rent lease
Sure Stay Plus Hotel Shin-Osaka	Osaka	108	Fixed + variable rent
KOKO HOTEL Osaka Namba	Osaka	100	Variable rent lease
BW Hotel Fino Osaka Shinsaibashi	Osaka	179	Management contract
KOKO HOTEL Ginza Itchome	Tokyo	305	Fixed + variable rent
KOKO HOTEL Sapporo Ekimae	Sapporo	224	Fixed + variable rent
KOKO HOTEL Fukuoka Tenjin	Fukuoka	159	Fixed + variable rent
KOKO HOTEL Hiroshima Ekimae	Hiroshima	250	Fixed + variable rent
KOKO HOTEL Kagoshima Tenmonkan	Kagoshima	295	Fixed + variable rent
KOKO HOTEL Premier Kanazawa Korinbou	Kanazawa	207	Management contract
KOKO HOTEL Premier Tokyo Nihonbashi Hamacho	Tokyo	223	Fixed rent lease
KOKO HOTEL Nagoya Sakae	Nagoya	204	Management contract
KOKO HOTEL Osaka, Shinsaibashi	Osaka	211	Management contract
KOKO HOTEL Kobe, Sannomiya	Kobe	141	Fixed rent lease
KOKO HOTEL Premier Kumamoto	Kumamoto	205	Management contract
KOKO HOTEL Residence Tokyo, Asakusa Kappabashi	Tokyo	47	Management contract
KOKO HOTEL Residence Tokyo, Asakusa Tawaramachi	Tokyo	42	Management contract
KAYA Kyoto Nijo Castle, BW Signature Collection by BW	Kyoto	57	Management contract
KOKO HOTEL Sendai Kotodai Park	Sendai	230	Management contract
KOKO HOTEL Sendai Station West	Sendai	170	Management contract
KOKO HOTEL Sendai Station South	Sendai	190	Management contract
VTH Higashi Matsushima Yamoto	Miyagi	407	Owner-and-operator
VTH Sendai Naton	Miyagi	314	Owner-and-operator
KOKO HOTEL Tsukiji Ginza	Tokyo	188	Management contract
*Fino Hotel Sapporo Odori Sapporo	Sapporo	145	Fixed + variable rent
国内合計		5,752	

Source: Company

*Note: rebranded as KOKO HOTEL Sapporo Odori



The Philippine overseas platform is to operate the “Red Planet” brand hotels as an owner-operator. Furthermore, Red Planet BGC The Fort had a soft opening in December 2023.

Hotel Portfolio in the Philippines – 14 hotels

Name	Location	Rooms	Contract type
Red Planet Davao	Davao	155	Owner-and-operator
Red Planet Manila Ortigas	Pasig	182	Owner-and-operator
Red Planet Aurora Boulevard	Quezon	167	Owner-and-operator
Red Planet Manila Aseana City	Paranaque	200	Owner-and-operator
Red Planet Manila Amorsolo	Makati	189	Owner-and-operator
Red Planet Angeles City	Angeles	165	Owner-and-operator
Red Planet Cebu	Cebu	150	Owner-and-operator
Red Planet Manila Mabini	Manila	167	Owner-and-operator
Red Planet Manila Bay	Manila	150	Owner-and-operator
Red Planet Manila Binondo	Manila	171	Owner-and-operator
Red Planet Manila Makati	Makati	213	Owner-and-operator
Red Planet Cagayan de Oro	Cagayan de Oro	159	Owner-and-operator
Red Planet Quezon Timog	Davao	140	Owner-and-operator
NEW Red Planet BGC The Fort	Bonifacio Global City	245	Owner-and-operator
Total		2,453	

Source: Company



Summary

Polaris Holdings is a hotel operator with four core franchises (three domestic, and one overseas) with the acquisition of Red Planet's business in the Philippines. During the pandemic, it underwent significant capital raising and is positioned to capitalize on the recovering hotel demand in a post-pandemic environment.

With the support of the Star Asia Group and with the key focus on stable earnings growth, the company is implementing strategic investments into substantial reforms and demonstrating growth in the hotel market, and recovery and growth since the COVID-19 pandemic have been remarkable.

The core element of this is to strategically shift the hotel operator model:

Shifting hotel
operator model to
higher return
formats

- Actively transitioning from the domestic legacy model involving long-term fixed rent leases towards low-risk **"Fee-For-Service"** management and variable rent lease contracts, and constructing a portfolio that balances growth and stability by incorporating a well-balanced mix of fixed-rent and ownership-type assets where upside potential can be realized.
- In response to the stagnation in the hotel market, Polaris Holdings is leveraging the funds and network of the Star Asia Group to expand the **"owner-operator model"** both overseas and domestically. By becoming both the owner and operator of hotel properties, the company eliminates fixed rental payments and significantly improves the financial performance of the hotels. Additionally, capital gains have been achieved as a result of this ownership structure.
- In addition to hotel operation contracts from Star Asia Group, to continue expanding the business portfolio by accepting operations from new third-party owners.

We estimate that Polaris Holdings will experience major growth in FY3/25 and beyond driven by the following factors:

- The business environment will return to similar levels seen in CY2019 or above.
- Consequent improving demand and sales mix will drive additional TRevPAR growth.
- The shift in the hotel operating model is expected to improve operational leverage by reducing fixed costs and increasing earnings. We estimate an operating margin of 12%.

The shares are trading on an estimated PER FY3/25 of 19.5x, an FCF yield of 8.7%, and a 1.2% dividend yield.



JGAAP Financial Summary

(¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Sales	7.02	22.55	20.56	23.75	26.33
COGS	0.51	6.59	2.06	2.37	2.63
Gross profit	6.51	15.95	18.51	21.37	23.70
Gross profit margin (%)	92.7	70.8	90.0	90.0	90.0
Operating profit	0.00	3.38	2.06	2.73	3.16
OP margin (%)	0.0	15.0	10.0	11.5	12.0
Non-operating income	0.03	0.05	0.05	0.05	0.05
Non-operating expense	(0.25)	(0.82)	(0.73)	(0.73)	(0.73)
Recurring profit	(0.22)	2.61	1.37	2.05	2.48
Extraordinary gains	1.46	1.46	-	-	-
Extraordinary losses	(0.69)	(0.69)	-	-	-
Pre-tax profit	0.55	3.38	1.37	2.05	2.48
Tax	0.02	1.02	(0.15)	0.20	0.50
Effective tax rate (%)	(5.4)	(3.6)	(11.0)	10.0	20.0
Net income	0.53	2.36	1.53	1.84	1.98
Non-controlling NI	-	-	-	-	-
Parent attributable NI	0.53	2.36	1.53	1.84	1.98
Sales growth YoY (%)	+89.0	+221.3	-8.8	+15.5	+10.9
OP growth YoY (%)	N/A	N/A	-39.2	+32.8	+15.7
NI growth YoY (%)	N/A	+341.5	-35.3	+20.9	+7.5

Balance sheet (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Cash & equivalents	4.28	3.38	11.96	11.25	11.10
Trade debtors	1.84	1.76	0.23	0.23	0.23
Real estate for sales and stock	5.86	-	-	-	-
Other	0.88	2.81	0.37	0.37	0.37
Current assets	12.86	7.96	12.56	11.85	11.70
Tangible assets	9.87	12.81	5.50	5.12	4.68
Intangible assets	0.03	0.03	0.03	0.03	0.03
Investment & others	1.89	2.41	2.41	2.41	2.41
Fixed assets	11.79	15.25	7.95	7.57	7.12
Total assets	24.65	23.21	20.51	19.41	18.82
Short term borrowing	1.74	1.83	1.83	1.83	1.83
Trade creditors	0.39	0.36	0.14	0.17	0.18
Other	2.62	3.58	1.16	1.33	1.48
Current liabilities	4.75	5.78	3.13	3.33	3.50
Long term borrowing	15.50	9.89	9.89	9.89	9.89
Other LT liabilities	1.49	0.65	0.65	0.65	0.65
Long term liabilities	16.99	10.54	10.54	10.54	10.54
Shareholder's equity	2.91	6.88	6.84	5.54	4.78
Non-controlling interests	-	-	-	-	-
Total net assets	2.91	6.88	6.84	5.54	4.78
Total liabilities & net assets	24.65	23.21	20.51	19.41	18.82

Source: Company, Astris Advisory (estimates)

Cash flow statement (¥bn)	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Profit before tax	0.55	3.38	1.37	2.05	2.48
Depreciation/amortization	0.74	0.70	0.62	0.71	0.79
Other non-cash items	(1.37)	(1.19)	(0.50)	(0.84)	(0.67)
Changes in working capital	(0.04)	4.85	1.32	0.20	0.16
Cash from Operating Activities	(0.11)	7.74	2.81	2.12	2.76
Capex	(0.00)	(0.24)	(0.24)	(0.24)	(0.24)
Acquisitions/increase stakes	(0.27)	(0.02)	-	-	-
Other investing cash flow	(0.46)	(1.40)	(0.93)	(1.17)	(1.05)
Cash from Investing Activities	(0.73)	(1.66)	(1.17)	(1.40)	(1.28)
Total cash dividends paid	-	-	-	(0.37)	(0.55)
Debt issuance/retirement	0.04	(6.48)	-	-	-
Equity financing	2.18	0.61	-	-	-
Other	(0.04)	(1.08)	(1.08)	(1.08)	(1.08)
Cash from Financing Activities	2.19	(6.94)	(1.08)	(1.44)	(1.63)
FX impact	-	0.01	0.01	0.01	0.01
Net cash flow	1.35	(0.85)	0.58	(0.72)	(0.15)
Free cash flow	(0.11)	7.50	2.58	1.88	2.52
EBITDA	0.75	4.09	2.67	3.44	3.95
Free cash flow margin (%)	-3.2	2.3	2.4	3.4	4.4
Free cash flow conversion (%)	N/A	40.1	39.2	47.3	48.3
EBITDA margin (%)	10.6	18.1	13.0	14.5	15.0
Capex/sales (%)	0.2	0.2	0.1	0.1	1.1
Capex/depreciation (%)	30.4	26.3	23.3	21	22
CFO margin (%)	-3.1	2.4	2.6	3.5	4.5

Key metrics	FY 3/23	FY 3/24	FY 3/25E	FY 3/26E	FY 3/27E
Profitability					
Gross margin (%)	92.7	70.8	90.0	90.0	90.0
Operating margin (%)	0.0	15.0	10.0	11.5	12.0
Net margin (%)	7.6	10.5	7.4	7.8	7.5
ROA (%)	2.2	10.2	7.4	9.5	10.5
ROE (%)	18.4	34.3	22.3	33.3	41.4
ROCE (%)	0.0	19.4	11.8	17.0	20.6
ROIC (%)	0.0	18.1	12.3	13.7	15.0
Liquidity					
Current ratio (x)	2.7	1.4	4.0	3.6	3.3
Quick ratio (x)	1.5	1.4	4.0	3.6	3.3
Leverage					
Debt/Equity ratio (x)	5.9	1.7	1.7	2.1	2.5
Net Debt/Equity ratio (x)	4.4	1.2	N/A	0.1	0.1
Equity ratio (x)	0.1	0.3	0.3	0.3	0.3
Interest cover (x)	0.0	4.6	2.8	3.8	4.3
Net Debt/EBITDA (x)	17.4	2.0	N/A	0.1	0.2
Valuation					
EPS reported (¥)	4.98	19.21	12.42	15.02	16.15
PER (x)	48.6	12.6	19.5	16.1	15.0
Diluted PER (x)	52.7	13.7	21.1	17.5	16.3
DPS (¥)	-	-	3.0	4.5	4.8
Dividend payout ratio (%)	-	-	24.1	30.0	30.0
Dividend yield (%)	-	-	1.2	1.9	2.0
Free cash flow yield (%)	(0.4)	25.3	8.7	6.3	8.5
Diluted FCF yield (%)	(0.4)	23.3	8.0	5.8	7.8
PBR (x)	10.3	4.4	4.4	5.4	6.3
EV/sales (x)	5.5	1.7	1.9	1.6	1.5
EV/EBITDA (x)	51.5	9.4	14.4	11.1	9.7
EV/EBIT (x)	12,461	11.3	18.7	14.1	12.1
EV/FCF (x)	N/A	5.1	14.9	20.4	15.2



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