



Wacom (6727)

New foundations laid for growth, now for execution

2 June 2025

Q4 FY3/25 results update

- Sharper strategic vision** – FY3/25 results were in line with revised guidance (issued April 23, 2025), with stable performance in the Technology Solutions Business, and narrowing losses YoY at the Branded Business. After completing business transformation efforts, the newly unveiled 'Wacom Chapter 4' medium-term plan covering FY3/26 to FY3/29 presents positive developments with a more defined roadmap of future earnings drivers, and outlines a gradual growth trajectory as the business diversifies into new market domains and use-cases. For capital allocation, planned investments in new business initiatives suggest that Wacom is considering the balance between shareholder returns and sustainable, long-term growth.

Focus now shifting to deliver corporate value

- Roadmap in play** – We view the key message from the new medium-term plan as Wacom becoming a “true instrument craftsman for the ultimate inking experience” and generating corporate value by diversifying into multiple use cases that harness its technology through the development of effective solutions and their successful delivery. Setting clear expectations for an improvement in the quality of earnings and enhanced capital efficiency, we believe solid execution should result in transforming the business model towards sustainable earnings growth and a higher return on investment.
- Valuations** – Based on our revised earnings estimates, the shares are trading at a PER FY3/26 of 9.8x and a free cash flow yield of 7.0%. Our estimated total shareholder return is 5.2%, based on a 50% total payout ratio; the company aims for a total payout ratio above 50%.

Share price: ¥631 Market cap: ¥85.2bn



Source: Bloomberg

Price Performance

	YTD	1M	3M	12M
Abs (%)	-13.0	+14.3	+1.6	-11.0
Rel (%)	-12.7	+10.6	-1.9	-11.2

Company sector

Electronic Components – Misc.
Technology Hardware, Storage & Peripherals

Stock data

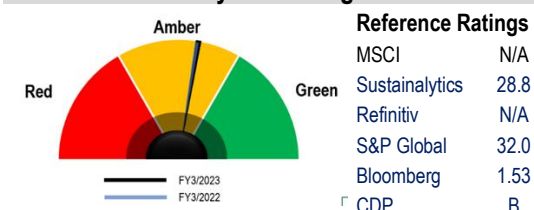
Price (¥)	631
Mkt cap (¥bn)	85.2
Mkt cap (\$m)	595.4
52-week range (¥)	449-848
Shares O/S (m)	135.0
Average daily value (\$m)	2.0
Free float (%)	85.8
Foreign shareholding (%)	43.6
Ticker	6727
Exchange	Tokyo Prime
Net Debt/Equity (x)	N/A
FFO leverage (x)	N/A
BBG BUY HOLD SELL	1 1 0

Source: Bloomberg

Business Overview

Wacom specializes in the development of graphics tablets, pen displays, and related digital interface solutions.

Astris-Sustainability ESG rating



Next events

Q1 FY3/26 results, July 2025

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This report has been commissioned and paid for by the company.

Year-end	3/24	3/25	3/26E	3/27E	3/28E
Sales (¥bn)	118.79	115.68	117.14	122.38	129.03
OP (¥bn)	7.06	10.21	12.40	13.02	13.63
NI (¥bn)	4.56	5.22	9.05	9.50	9.95
EPS (¥)	29.64	36.97	64.07	67.25	70.39
DPS (¥)	20.00	22.00	22.00	24.00	26.00
Sales growth YoY (%)	+5.4	-2.6	+1.3	+4.5	+5.4
OP growth YoY (%)	+250.6	+44.7	+21.5	+5.0	+4.7
NP growth YoY (%)	+154.5	+14.5	+73.3	+5.0	+4.7
EPS growth YoY (%)	+161.5	+24.7	+73.3	+5.0	+4.7
PER (x)	21.3	17.1	9.8	9.4	9.0
EV/EBITDA (x)	7.6	5.9	4.9	4.7	4.5
EV/Sales (x)	0.6	0.6	0.6	0.6	0.6
PBR (x)	2.4	2.8	2.3	1.9	1.6
ROE (%)	11.9	15.6	26.4	23.2	20.7
ROCE (%)	15.4	25.7	26.6	24.5	22.5
FCF yield (%)	17.8	8.6	7.0	8.1	8.1
Dividend yield (%)	3.2	3.5	3.5	3.8	4.1
Total shareholder returns (%)	12.0	12.3	5.2	5.4	5.6

Source: Company, Astris Advisory (estimates)

Recent results

Q1-4 FY3/25 results

FY3/25 results in line with revised guidance

Key financials

(¥bn)	Q1-4 FY3/24	Q1-4 FY3/25	YoY (%)
Sales	118.80	115.68	-2.6
Gross profit/(loss)	36.77	40.15	+9.2
Gross margins (%)	31.0	34.7	
SG&A costs	29.71	29.94	+0.8
Operating profit/(loss)	7.06	10.21	+44.7
Operating margins (%)	5.9	8.8	
Recurring profit	9.85	10.39	+5.5
Net income attributable to the parent	4.56	5.23	+14.5
Average FX rate			
USD	144.40	152.48	+5.6
EUR	156.8	163.62	+4.3
CNY	20.14	N/A	N/A

Source: Company

Sales volume declined at Branded Business, with narrowing losses

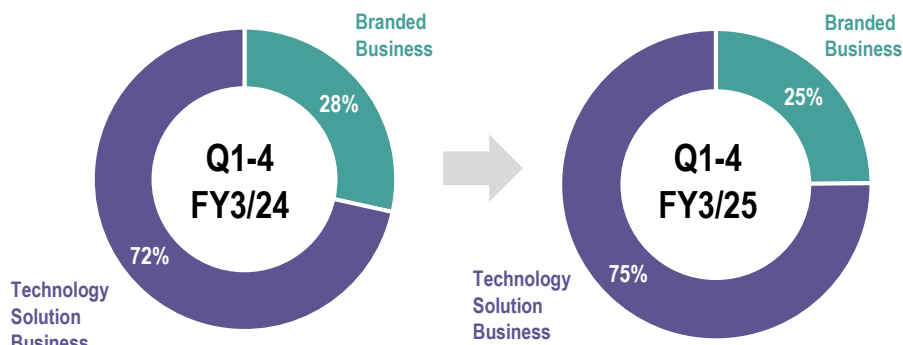
Per business segment (pre-elimination)

(¥bn)	Q1-4 FY3/24	Q1-4 FY3/25	YoY (%)
Sales			
Branded Business	33.81	28.75	-15.0
Technology Solution Business	84.98	86.94	+2.3
Segmental profit/(loss)			
Branded Business	(4.52)	(2.88)	-
Technology Solution Business	16.48	18.50	+12.2
Adjustments			
Segmental profit margins (%)			
Branded Business	-13.4	-10.0	
Technology Solution Business	19.4	21.3	

Source: Company

Technology Solution Business reached 75% of total sales, driven by EMR (Electromagnetic Resonance) technology solution

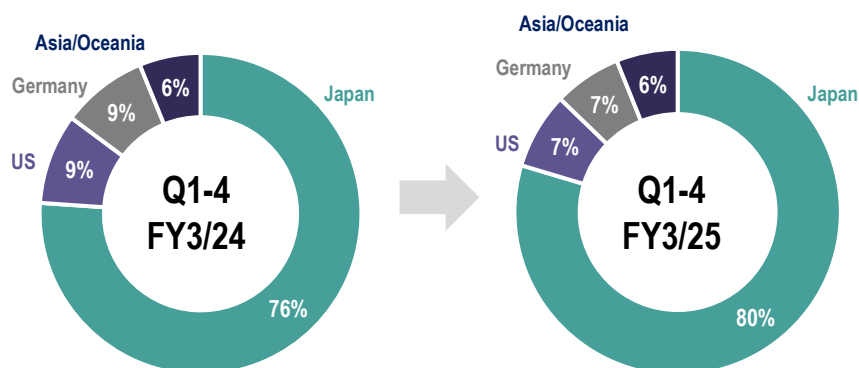
Business segment sales mix



Source: Company

Technology Solution Business (sales all recognized in Japan) continues to drive growth

Geographic sales mix



Source: Company

The Technology Solution Business has OEM customers with sales networks that cater to customers worldwide; sales are all recorded in Japan, with sales prices primarily denominated in US dollars.

Key highlights

We view FY3/25 results as the culmination of the company's efforts on business transformation under the 'Wacom Chapter 3' plan. From our perspective, these are the core achievements:

- **Cost reductions from business structural transformation** – the company has terminated positions or reviewed costs for 15% to 20% of its workforce, resulting in a cost saving of over ¥2bn in FY3/25.
- **Balance sheet optimization** – by conducting a ¥7.5bn share buyback and ¥3.0bn dividends, shareholder returns have been prioritized. The equity ratio has fallen to 44%, which has helped enhance returns YoY for ROE and ROIC.

- **A more defined roadmap** – with continued R&D and investment activity, we believe there is greater clarity over future earnings drivers, with the following initiatives:
 - Launch of a new product category ‘Portable Creative’ for the Branded Business.
 - Continued innovation in Technology Support.
 - Launch of Digital Ink services.
 - Growth from investment in fields such as AI, IoT, and medical DX

Technology Support maintained high margins despite a slowdown in sales growth YoY through cost reductions. The Branded Business, through business transformation, has made significant progress in reducing its fixed cost base, while sales continued to decline YoY, primarily due to competition for entry-level products.

One-time expenses in FY3/25 included ¥3.09bn business restructuring costs and ¥0.42bn impairment costs. Both events signal a strategic shift related to the Branded Business with narrowing operating losses, with potential for this segment to become a leaner, focused, and profitable operation.

FY3/26 guidance and 'Wacom Chapter 4' medium-term plan

New targets and KPIs

We view the key message from the 'Wacom Chapter 4' medium-term plan as **to generate corporate value by becoming a "true instrument craftsman for the ultimate inking experience", diversifying into multiple use cases that harness its technology, and developing effective solutions and successful delivery**. Sales and operating profit targets for FY3/29 remain in line with the previous guidance issued in May 2023.

Use cases mentioned are 1) **Creation**, 2) **Learn/Teach**, 3) **Work/Play and beyond**, and 4) **Well-being**. A plan was outlined to consolidate its two business segments, dubbed the "Inking Experience Support Group." Wacom will deliver value through technological innovation and community co-creation, providing a solution portfolio of products and technical modules that support growth in developing new sales segments.

FY3/25 actual results, FY3/26 guidance and key KPIs related to the FY3/29 medium-term plan

(¥bn)	FY3/25	FY3/26 guidance	FY3/29 MTP target	CAGR (FY3/25-29)
Sales	115.68	110.00	150.00	+6.7
Growth YoY (%)	-2.6	-4.9	-	
Branded Business	28.75	-	*40.50	+8.9
Technology Solution Business (existing)	86.94	-	*94.50	+2.1
Technology Solution Business (new)	-	-	*15.00	-
FX rates:				
USD	152.48	140.00	140.00	
EUR	163.62	N/A	N/A	
USD change YoY (%)	+5.6	-8.2	N/A	
EUR change YoY (%)	+4.3	N/A	N/A	
OP	10.21	11.50	15.00	+10.1
Growth YoY (%)	+44.7	+12.6	-	
Branded Business	(2.88)	0.30	N/A	-
Technology Solution Business (existing)	18.50	17.00	N/A	-
Technology Solution Business (new)	-	-	1.50	-
Eliminations	(5.41)	(5.80)	N/A	
OPM (%)	8.8	10.5	10.0	
Branded Business	-10.0	N/A	N/A	
Technology Solution Business (existing)	21.3	N/A	N/A	
Technology Solution Business (new)	-	-	10.0	
R&D spend	8.69	9.50	10.00	+3.6
% of sales	7.5	8.6	6.7	
Capex spend	1.41	5.40	5.90	+43.0
% of sales	1.2	4.9	3.9	
Shareholder returns				
DPS (¥)	22.0	22.0	-	
Share buyback (¥bn)	7.50	TBD	-	
Dividend yield (%)	3.7	3.7	-	
Total shareholder returns (%)**	12.5	5.2	6.4	
Total payout ratio (%)	203.2	**50.0	***50.0	
Returns				
ROE (%)	15.6	N/A	Over 20.0	
ROIC (%)	16.3	N/A	Over 18.0	

Source: Company, Astris Advisory

Note: *sales calculated from disclosed sales split, **implied 50% total shareholder ratio, ***net income calculated on 27% effective tax rate

Our observations for the planned company trajectory to FY3/29 are as follows:

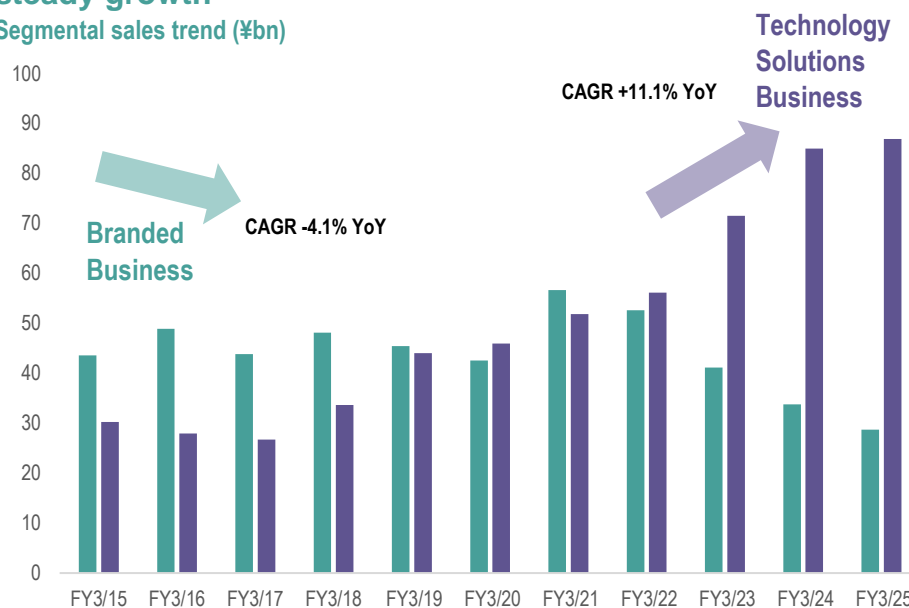
- **Sales growth to be driven by Branded Business and new areas** – the company expects growth to be back on track with a strengthened product portfolio in the Branded Business. In addition to stable growth in the existing business, new use cases in the Technology Solutions Business are planned to have a material sales impact of ¥15bn in FY3/29.
- **Measured operating profit growth and margin expansion** – expectations of OP growth into FY3/26 and beyond appear relatively moderate, with OPM set to be around 10%. FX impact from a strengthening Japanese yen and US tariffs has been factored in to a certain extent. R&D spending is expected to increase in FY3/26, and capital expenditure is anticipated to rise significantly, resulting in higher depreciation. There may be some limits to achieving margin expansion.
- **New shareholder returns policy** – the company has introduced a progressive dividend policy up to FY3/29, with ¥22 DPS as the floor, with an interim dividend payment. As a key performance indicator (KPI), the company is aiming for a 50% total shareholder payout ratio, balanced with investment in growth opportunities.
- **ROE and ROIC** – The company has demonstrated improvement in profitability and increased shareholder returns, which should lead to sustained improvements.
- **Capital allocation to technological alliances** – The company is prioritizing technology and capital alliances over large-scale M&A, as ¥12 billion has been earmarked.

First thoughts

The Technology Solutions Business has established a strong track record, despite the Branded Business facing a challenging environment following the COVID-19 pandemic-related consumption. The new medium-term plan, which points to a bottoming out at the Branded Business, will need attention over solid execution, although losses have narrowed in FY3/25.

Technology Solutions Business has maintained moderate but steady growth

Segmental sales trend (¥bn)

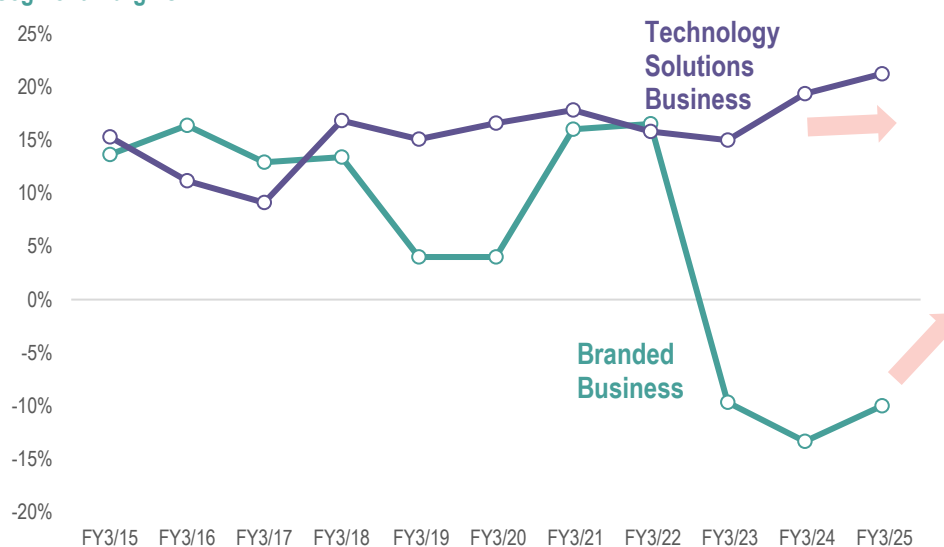


Source: Company

Note: Segmental sales classification adjustments have occurred in FY3/19 and FY3/24

The Branded Business is expected to bottom out in FY3/26

Segment margins



Source: Company

New business development will require upfront investment, and we believe the targets reflect Wacom prioritizing long-term strategic positioning over short-term margin maximization. There may also be an element of conservatism stemming from the current lack of visibility over tariffs and macro conditions.

FY3/26 guidance

The company has specified the following factors for FY3/26 sales and OP guidance:

- **Sales** – Although the core business is expected to grow, a 4.9% decline YoY is expected triggered by the U.S. tariff issue, significant impact of the yen's appreciation, and supply chain disruptions.
- **OP** – an uplift of ¥1.29bn YoY driven by the combination of:
 - Structural reforms in the business are generating a positive impact of ¥2.90bn in cost reductions YoY.
 - Negative forex impact of ¥1.50bn.
 - Negative US tariff impact of ¥1.50bn.
 - Increasing revenues in the business, offset by other costs, resulted in a net positive operating profit of ¥1.39 billion.

Astris earnings estimates and key assumptions

We have revised our earnings estimates for FY3/26 and beyond. While our profitability estimates have remained relatively unchanged, we highlight the following changes:

- **Moderating sales growth** – we reflect the company's expectations of an appreciating Japanese yen, as well as more tempered growth in the Technology Solutions Business.
- **Higher capex** – the company has outlined larger-than-expected investment plans under the new 'Wacom Chapter 4' targets, although this need has not yet become fully apparent. Our lowered FCF estimates have taken full account.

Estimates reflect more moderate growth

Astris Advisory earnings estimates

Year-end	FY3/26 guidance	FY3/26E (old)	FY3/26E (new)	FY3/27E (old)	FY3/27E (new)	FY3/28E (new)
Sales	110.00	128.93	117.14	133.36	122.38	129.03
Growth YoY (%)	-4.9	+11.5	+1.3	+3.4	+4.5	+5.4
OP (¥bn)	11.50	12.85	12.40	14.45	13.02	13.63
OPM (%)	10.5	10.0	10.6	10.8	10.6	10.6
EBITDA (¥bn)	-	15.43	14.75	17.11	15.47	16.21
EBITDA margins (%)	-	12.0	12.6	12.8	12.6	12.6
FCF (¥bn)	-	11.39	5.97	10.65	6.91	6.94
FCF margin (%)	-	8.8	5.1	8.0	5.6	5.4
FCF conversion (%)	-	88.7	48.2	73.8	53.1	50.9
FCF yield (%)	-	10.9	6.9	10.5	8.0	8.1
DPS (¥)	22.00	20.00	22.00	20.00	24.00	26.00
Dividend payout ratio (%)	34.8	32.8	34.3	29.2	35.7	36.9
Dividend yield (%)	3.5	3.2	3.5	3.2	3.8	4.1
Total shareholder returns (%)*	TBD	N/A	5.2	N/A	5.4	5.6

Source: Astris Advisory

Note: FCF conversion is FCF/Pre-tax Profit. *implied at 50% total shareholder payout ratio

The core assumptions of our estimates are as follows:

- **Sales growth** – The core drivers are the bottoming out and revitalization of the Branded Business, as well as a moderate increase in the Technology Solutions Business.
- **Profitability** – OPM is expected to remain relatively stable as the business strikes a balance between growth and investment.
- **Positive free cash flow generation** – We estimate lower free cash flow generation as capital intensity is expected to increase than previously expected, although this has yet to fully manifest.

Based on the capital policy, our estimates on shareholder returns

- Dividends – We forecast a DPS of ¥22 for FY3/25, with a steady increase thereafter, reflecting the newly introduced progressive dividend policy.
- Buybacks – Wacom has conducted buybacks on an annual basis from FY3/22. We believe buybacks are set to continue, with the company now **targeting a total shareholder payout ratio of above 50%**. Wacom remains well-capitalized with a ¥12.36bn net cash balance in FY3/25, together with long-term investments of ¥3.17bn (total making up 50.3% of total net assets).
- In the new medium-term management plan, the cash flow for shareholder returns will be generated through a combination of operating cash flow (before R&D deductions) and debt financing. The company aims to maintain financial soundness by adhering to principles such as keeping an equity ratio of 45% to 55% and holding a minimum cash balance of ¥20bn (approximately equivalent to two months of sales).

Summary

Wacom specializes in the development of pen tablets, display products, and related digital ink solutions. It offers two primary products: market-leading in-house solutions under the Branded Business and OEM solutions for major electronics brands, including Samsung, Lenovo, and HP, under the Technology Solution Business.

The company has completed a **strategic business transformation towards a new growth stage**, which commenced in FY3/26 with the ‘Wacom Chapter 4’ new medium-term plan. The key objectives are:

Key objectives are 1) expand the digital writing market, 2) turnaround of Branded Business segment and 3) implement new growth engines

- **Sustainable growth in the digital inking market** through technological advancements and increasing adoption.
- **Turnaround of the Branded Business** through product portfolio renewal. The in-house brand segment has a strong professional market following, stimulating engagement with the OEM market.
- **The implementation of new growth engines.** This will involve a combination of activities in 1) Creation, 2) Learn/Teach, 3) Work/Play and beyond, and 4) Well-being, aimed at business domain expansion and delivering recurring revenues and improving **the quality of earnings**.

The company’s new medium-term plan, ‘Wacom Chapter 4’, has the following key targets for FY3/29:

- Total sales of ¥150bn.
- OPM level at 10%.
- ROE is over 20%, and ROIC above 18%.

Astris Advisory estimates Wacom will drive medium-term growth via the following factors:

- **Sales growth** – The core drivers are the revitalization of the Branded Business and a steady increase in the Technology Solutions Business.
- **Profitability** – OPM is expected to remain relatively stable as the business strikes a balance between growth and investment.

Based on our estimates, the shares are trading at a PER of FY3/26 9.8x, a free cash flow yield of 7.0%, and a total shareholder return of 5.2%.



Company description

Overview

Wacom is a leading name in the field of digital pen and tablet technology

Established in 1983, Wacom specializes in the development of pen tablets, display products, and related digital ink solutions. It produces its in-house brand of products, spanning entry-level and professional models. It provides OEM solutions to major electronics and PC brands, including Samsung, Lenovo, HP, and Fujitsu. The company has a strong brand, recognized for its high-quality products, which are used and endorsed by artists, designers, and creative professionals worldwide.

Wacom's key technologies include digital pen technology that uses both EMR (electromagnetic induction) and Active ES (electrostatic), as well as the 'Universal Ink Model' digital ink technology represented by WILL, where digital stroke data is optimally formatted for conversion into services. This patented IP can be applied to handwriting analysis, for example, visualizing creative input and tracking progress being made in learning.

A key technology is the patented Universal Ink Model

The company has **expanded into the EdTech sector** in partnership with Z-Kai (Zoshinkai Holdings Inc.), a prominent Japanese educational services company operating tablet-based online courses. **Utilizing knowledge graph (AI) based learning experiences and analyzing pen stroke data offers students improved user interactions, personalized learning, and advanced analytics.** Access to raw handwriting data gives Wacom an upstream competitive advantage versus other peers who are active in EdTech offering learning management systems (LMS), such as Moodle and Google Classroom.

Expansion into EdTech

Key objectives targeted by the company are:

- To grow the digital ink and drawing market through technological advancements and increasing adoption.
- Growth of the Branded Business through product portfolio renewal and introduction of the 'Portable Creative' line; the in-house brand segment has a strong professional market following, stimulating engagement with the OEM market.
- The implementation of new growth engines, as guided in the 'Wacom Chapter 4' medium-term plan covering FY3/26 – FY3/29.

Key objectives are 1) expand the digital ink market, 2) establish a profitable Branded Business segment and 3) implement new growth engines

We view Wacom as a company that strives for positive change and implements new growth initiatives via product and service diversification. The introduction of services and license income is expected to improve the sales mix, with recurring revenues providing greater earnings stability.

The company currently has two core business segments:

- **Branded Business** – Wacom-branded products and solutions for creative users and enterprises.
- **Technology Solution Business** – Technology solution for OEM partners of smartphones, tablet PCs, laptop PCs, eBooks, and other devices.

Long track record in the digital ink and drawing industry

Timeline summary

Key dates	Details
July 1983	Established Wacom in Ageo City, Japan.
April 1984	Released the WT series, the world's first pen tablet with cordless cursors.
September 1987	Released SD series, the world's first cordless pen tablet.
April 2002	Entry into the pen sensor component field (the Technology Solution Business).
April 2003	IPO on the JASDAQ Exchange.
December 2005	Listed in the First Section of the Tokyo Stock Exchange.
May 2021	Release of 'Wacom Chapter 3' medium-term direction (FY3/22-FY3/25)
April 2022	Transferred to the Prime Market of the Tokyo Stock Exchange.
May 2025	Release of the latest 'Wacom Chapter 4' medium-term plan (FY3/26-FY3/29)

Source: Company, Refinitiv

Business segment data

Wacom has two core business segments.

Current segment details

Business segment	Description	Product line
Brand Business	Wacom-branded products and solutions for creative users and enterprises.	<ul style="list-style-type: none"> - Display - Pen tablet - LCD signature pen tablet
Technology Solution Business	Technology solution for OEM partners of smartphones, tablets, laptops, and other devices.	AES (active electrostatic)/EMR® (Electro-Magnetic Resonance) digital pen technology solutions.

Source: Company



JGAAP Financial Summary

Income statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Sales	118.79	115.68	117.14	122.38	129.03
COGS	82.03	75.54	76.73	80.16	84.51
Gross profit	36.77	40.15	40.41	42.22	44.51
Gross profit margin (%)	30.9	34.7	34.5	34.5	34.5
Operating profit	7.06	10.21	12.40	13.02	13.63
OP margin (%)	5.9	8.8	10.6	10.6	10.6
Non-operating income	2.99	0.33	0.08	0.08	0.20
Non-operating expenses	(0.19)	(0.15)	(0.08)	(0.08)	(0.20)
Recurring profit	9.85	10.39	12.40	13.02	13.63
Extraordinary gains	0.15	0.01	-	-	-
Extraordinary losses	(4.09)	(3.53)	-	-	-
Pre-tax profit	5.91	6.87	12.40	13.02	13.63
Tax	(1.35)	(1.65)	(3.35)	(3.52)	(3.68)
Effective tax rate (%)	13.7	15.8	27.0	27.0	27.0
Net income	4.56	5.22	9.05	9.50	9.95
Non-controlling NI	-	-	-	-	-
Parent attributable NI	4.56	5.22	9.05	9.50	9.95
Sales growth YoY (%)	+5.4	-2.6	+1.3	+4.5	+5.4
OP growth YoY (%)	+250.6	+44.7	+21.5	+5.0	+4.7
Pre-tax profit YoY (%)	+169.6	+16.2	+80.5	+5.0	+4.7
NI growth YoY (%)	+154.5	+14.5	+73.3	+5.0	+4.7

Balance sheet (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Cash & equivalents	31.66	24.36	26.58	28.41	30.59
Inventory	13.09	13.08	13.25	13.84	14.59
Accounts receivables	12.86	11.59	11.73	12.26	12.92
Other	7.07	7.46	7.56	7.90	8.32
Current assets	64.68	56.50	59.12	62.40	66.43
Tangible assets	5.72	4.37	6.65	9.04	11.43
Goodwill	-	-	-	-	-
Intangible assets	1.53	1.33	3.62	6.00	8.39
Investment	1.61	3.17	3.17	3.17	3.17
Other	6.08	5.41	5.41	5.41	5.41
Fixed assets	14.94	14.27	18.84	23.61	28.39
Total assets	79.62	70.77	77.96	86.02	94.82
Short term borrowing	7.80	5.00	5.00	5.00	5.00
Trade creditors	11.48	11.11	11.57	12.09	12.74
Other	14.62	14.92	14.78	15.84	16.49
Current liabilities	33.90	31.03	31.35	32.92	34.23
Long term borrowing	7.00	7.00	7.00	7.00	7.00
Other LT liabilities	2.75	1.88	1.88	1.88	1.88
Long term liabilities	9.75	8.88	8.88	8.88	8.88
Shareholder's equity	35.97	30.86	37.72	44.21	51.70
Share acquisitions rights	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total net assets	35.97	30.86	37.72	44.21	51.70
Total liabilities & net assets	79.62	70.77	77.96	86.02	94.82

Cash flow statement (¥bn)	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profit before tax	5.91	6.87	12.40	13.02	13.63
Depreciation/amortization	2.57	2.11	2.34	2.45	2.58
Changes in working capital	9.32	(0.78)	0.08	0.71	0.21
Other non-cash items	1.68	0.65	-	-	-
Tax paid	(2.00)	(0.52)	(3.35)	(3.52)	(3.68)
Cash from Operating Activities	17.48	8.33	11.48	12.66	12.74
Capex	(2.32)	(1.03)	(5.51)	(5.75)	(5.81)
Acquisitions/increase stakes	-	-	-	-	-
Other investing cash flow	0.04	(1.24)	(0.60)	(0.92)	(0.76)
Cash from Investing Activities	(2.28)	(2.27)	(6.11)	(6.67)	(6.57)
Total cash dividends paid	(3.12)	(2.90)	(3.11)	(3.39)	(3.67)
Debt issuance/(retirement)	4.21	(2.76)	-	-	-
Equity financing/(buybacks)	(7.51)	(7.51)	(1.42)	(1.36)	(1.30)
Other	-	-	-	-	-
Cash from Financing Activities	(6.43)	(13.17)	(4.53)	(4.75)	(4.97)
FX impact	2.92	(0.18)	1.37	0.59	0.98
Net cash flow	11.68	(7.30)	2.21	1.83	2.18

Free cash flow	15.16	7.30	5.97	6.91	6.94
EBITDA	9.63	12.32	14.75	15.47	16.21
EBITDA margins (%)	8.1	10.7	12.6	12.6	12.6
Free cash flow margin (%)	12.8	6.3	5.1	5.6	5.4
Free cash flow conversion (%)	256.4	106.2	48.2	53.1	50.9
Capex/sales (%)	2.0	0.9	4.7	4.7	4.5
Capex/depreciation (%)	90.4	48.9	235.0	235.0	225.0
CFO margin (%)	14.7	7.2	9.8	10.3	9.9

Key metrics	FY 3/24	FY 3/25	FY 3/26E	FY 3/27E	FY 3/28E
Profitability					
Gross margin (%)	30.9	34.7	34.5	34.5	34.5
Operating margin (%)	5.9	8.8	10.6	10.6	10.6
Net margin (%)	3.8	4.5	7.7	7.8	7.7
ROA (%)	5.9	6.9	12.2	11.6	11.0
ROE (%)	11.9	15.6	26.4	23.2	20.7
ROCE (%)	15.4	25.7	26.6	24.5	22.5
ROIC (%)	12.1	18.4	19.6	17.9	16.6
Liquidity					
Current ratio (x)	1.9	1.8	1.9	1.9	1.9
Quick ratio (x)	1.5	1.4	1.5	1.5	1.5
Leverage					
Debt/Equity ratio (x)	0.4	0.4	0.3	0.3	0.2
Net Debt/Equity ratio (x)	net	net	net	net	net
	cash	cash	cash	cash	cash
Equity ratio (x)	0.5	0.4	0.5	0.5	0.5
Interest cover (x)	76.0	82.1	147.7	155.0	66.8
Net Debt/EBITDA (x)	N/A	N/A	N/A	N/A	N/A
Valuation					
EPS reported (¥)	29.6	37.0	64.1	67.3	70.4
PER (x)	21.3	17.1	9.8	9.4	9.0
Diluted PER (x)	21.3	17.1	9.8	9.4	9.0
DPS (¥)	20.0	22.0	22.0	24.0	26.0
Dividend payout ratio (%)	67.5	59.5	34.3	35.7	36.9
Dividend yield (%)	3.2	3.5	3.5	3.8	4.1
Total shareholder return (%)	12.0	12.3	5.2	5.4	5.6
Free cash flow yield (%)	17.8	8.6	7.0	8.1	8.1
Diluted free cash flow yield (%)	17.8	8.6	7.0	8.1	8.1
PBR (x)	2.4	2.8	2.3	1.9	1.6
EV/sales (x)	0.6	0.6	0.6	0.6	0.6
EV/EBITDA (x)	7.6	5.9	4.9	4.7	4.5
EV/EBIT (x)	10.3	7.1	5.9	5.6	5.3
EV/FCF (x)	4.8	10.0	12.2	10.5	10.5

Source: Company, Astris Advisory (estimates)



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