

Electrolytic copper foil manufacturer expected to achieve global growth

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【5759 Nippon Den kai Sector : Nonferrous Metals】

Fiscal Year	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Profit	YoY	EPS	BPS	DPS
	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)	(yen)	(yen)	(yen)
Mar. 2020	12,480	14.9	912	2.0x	843	2.0x	1,988	86.7x	276.1	615.9	0.0
Mar. 2021	14,585	16.9	527	-42.2	440	-47.8	193	-90.3	26.9	687.0	0.0
Mar. 2022 f	18,860	29.3	1,304	2.5x	1,226	2.8x	873	4.5x	120.7	-	0.0

Note: Consolidated basis. Figures for the fiscal year ending March 2022 are the company's forecasts.
It conducted 1-to-3,000 stock split on April 7, 2021. Per share indices are adjusted retroactively.

Major electrolytic copper foil manufacturer

Nippon Den kai is a major electrolytic copper foil manufacturer focusing on copper foil for on-vehicle batteries for which high growth is expected, and is developing copper foil for high-end and high-value-added circuit boards to avoid severe competition.

Electrolytic copper foil is a metal copper film that is produced through precipitation by performing electrolysis of copper sulfate solution. Its typical applications are printed wiring boards and semiconductor package substrate, but it is also used in lithium ion secondary batteries for which demand is rapidly growing.

The company categorizes its net sales into "copper foils for on-vehicle batteries" and "copper foils for circuit boards." Copper foils for on-vehicle batteries accounted for 63.6% of the net sales of the fiscal year ended March 2021, and copper foils for circuit boards for 36.4%.

Copper Foils for On-Vehicle Batteries

Copper foils for on-vehicle batteries are used for the negative electrode material of lithium ion secondary batteries mainly mounted on electronic vehicles and hybrid vehicles. The company delivers the electrolytic copper foils it produces to component manufacturers of on-vehicle batteries and are ultimately be sold to vehicle manufacturers in Japan and abroad.

Copper Foils for Circuit Boards

Copper foils for circuit boards are used as conductive materials in circuit boards mounted on various electronic devices, including cell phones and other 5G related devices. The company specializes in high-end products and delivers high-function electrolytic copper foils to copper clad laminate manufacturers in Japan and the U.S.

Production Capability

The company currently has the production capability of 1,100 tons per month (750 tons in Japan and 350 tons in the U.S.). Den kai America, acquired in March 2020, is the only electrolytic copper foil manufacturer in the U.S. Den kai America produces copper foils for circuit boards, and by introducing the highly efficient processing technology accumulated in Japan, it aims to enhance production efficiency of copper foils for circuit boards. It also has plans to launch the production and sale of copper foils for on-vehicle batteries in the U.S. in 2023, and will modify part of its facilities into production lines of copper foils for on-vehicle batteries.

Nippon Denkai (5759 TSE Mothers)- - - - - July 09,2021**Financial Statements**

Statement of income	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		10,866	100.0	12,480	100.0	14,584	100.0
Cost of sales		9,591	88.3	10,703	85.8	12,863	88.2
Gross profit		1,274	11.7	1,776	14.2	1,721	11.8
Selling, general and administrative expenses		822	7.6	864	6.9	1,194	8.2
Operating profit		452	4.2	911	7.3	527	3.6
Non-operating income		22	0.2	31	0.3	38	0.3
Non-operating expenses		56	0.5	100	0.8	125	0.9
Ordinary profit		417	3.8	842	6.8	440	3.0
Profit before income taxes		44	0.4	2,161	17.3	350	2.4
Profit attributable to owners of parent		22	0.2	1,988	15.9	193	1.3

Balance sheet	Fiscal Year	Mar. 2019		Mar. 2020		Mar.2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		3,690	36.1	5,987	43.6	6,675	48.9
Cash and deposits		597	5.8	1,253	9.1	1,662	12.2
Accounts receivable-trade		1,260	12.3	2,283	16.6	2,482	18.2
Inventories		1,324	12.9	1,644	12.0	2,129	15.6
Non-current assets		6,537	63.9	7,759	56.4	6,967	51.1
Property, plant and equipment		6,190	60.5	7,441	54.1	6,857	50.3
Intangible assets		15	0.2	24	0.2	33	0.2
Investments and other assets		331	3.2	293	2.1	77	0.6
Total assets		10,227	100.0	13,747	100.0	13,643	100.0
Current liabilities		2,692	26.3	3,113	22.7	3,668	26.9
Accounts payable - trade		1,208	11.8	1,189	8.7	1,478	10.8
Short-term borrowings		-	-	-	-	135	1.0
Current portion of long-term borrowings		694	6.8	930	6.8	958	7.0
Non-current liabilities		5,073	49.6	6,198	45.1	5,028	36.9
Long-term borrowings		4,446	43.5	5,166	37.6	4,607	33.8
Net assets		2,461	24.1	4,434	32.3	4,946	36.3
Owners' equity		2,461	24.1	4,434	32.3	4,946	36.3

Statement of cash flows	Fiscal Year	Mar. 2019	Mar. 2020	Mar.2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		466	1,892	1,210
Depreciation		785	974	1,382
Cash flows from investing activities		-3,349	-2,086	-334
Cash flows from financing activities		2,143	846	-476
Dividends paid		-	-	-
Net increase in cash and cash equivalents		-739	656	408
Cash and cash equivalents		597	1,253	1,662

Note: Consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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