

Provider of embedded system designing and development services for customers in the manufacturing business, CAD software, etc.

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【 4492 GENETEC Sector : Information & Communication 】

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		4,720	5.3	335	29.3	327	18.7	212	18.4	70.6	453.3	1.8
Mar. 2021		4,079	-13.6	254	-24.3	276	-15.7	173	-18.4	47.3	494.1	10.0
Mar. 2022	CE	5,000	22.6	124	-51.2	193	-30.1	14	-91.9	3.8	-	14.0
Mar. 2022	E	4,649	14.0	128	-49.6	197	-28.6	16	-90.8	4.3	480.2	14.0
Mar. 2023	E	5,244	12.8	290	126.4	299	51.8	205	12.8x	54.8	521.0	15.0
Mar. 2024	E	5,660	7.9	343	18.3	352	17.7	242	18.1	64.7	568.8	18.0

Note: CE(company expectations),E(Stock Research Center expectations)
Source: Stock Research Center

1. Corporate Overview

GENETEC is engaged in the digital solution business, providing embedded system designing and development services mainly for manufacturing companies, and the engineering solution business, providing a CAD software and related services.

As a new business, it is providing a service that uses an automatic notification system of location information at the time of disasters that mainly targets individuals, and the new business became profitable in the fiscal year ended March 2021.

2. Financial Analysis

During the period from the fiscal year ended March 2015 to the fiscal year ended March 2021, net sales and ordinary profit respectively increased by 6.2% and 22.1% annually. In addition to the new business turning profitable, the expansion of the digital solution business is assumed to have been the driving force.

When compared with similar companies, even through the absolute levels of profitability and financial stability are favorable, the company slightly underperformed in terms of growth potential and other factors.

3. Non-Financial Analysis

The source of the company's intellectual capital is the accumulated expertise concerning software and hardware targeting manufacturing businesses.

4. Corporate Strategy Analysis

The company aims to expand its net sales and operating profit through enhancing quality and customer satisfaction of the digital solution business, strengthening sales capabilities of the engineering solution business, growth of the new business in Japan and overseas as well as other efforts.

5. Analyst Evaluation

Even though both revenue and profit increased in the first three quarters of the fiscal year ending March 2022, as for the full-year business results of the fiscal year ending March 2022, we forecast a 14.0% increase in revenue and a 49.6% decrease in operating profit from the previous fiscal year, considering factors including accumulated advertising expenses in the business handling the automatic notification system of location information at the time of disasters.

We assume growth in all of its three businesses over the medium term and for the fiscal year ending March 2023, we expect a 12.8% year-on-year revenue increase and a significant increase in operating profit of 2.3 times the previous fiscal year, and a 7.9% year-on-year revenue increase and an 18.3% year-on-year operating profit increase for the fiscal year ending March 2024.

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