

A manufacturer specializing in water-related products, such as water faucets and water faucet metal fittings, that has continued to adopt a differentiation strategy

This report is an English translation of part of the report issued on February 9, 2024.
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[6230 SANEI Sector : Machinery]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar. 2022	22,999	3.7	1,477	-8.4	1,492	-6.3	999	-0.1	436.6	4,940.0	92.0
Mar. 2023	26,564	15.5	906	-38.6	906	-39.3	630	-36.9	275.4	5,187.3	96.0
Mar. 2024 CE	28,000	5.4	1,800	98.5	1,800	98.6	1,150	82.4	502.4	-	98.0
Mar. 2024 E	28,000	5.4	1,857	104.9	1,834	102.4	1,176	86.6	513.8	5,876.1	98.0
Mar. 2025 E	29,500	5.4	2,085	12.3	2,076	13.2	1,329	13.0	580.6	6,357.8	100.0
Mar. 2026 E	31,000	5.1	2,224	6.7	2,219	6.9	1,420	6.9	620.4	6,877.5	102.0

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

1. Corporate Overview

SANEI is a manufacturer specializing in water-related products, such as water faucets, water faucet metal fittings, connectors and plumbing parts. Most of its net sales are to residential customers.

2. Financial Analysis

While revenue growth rates have varied with each fiscal year, revenue has increased for seven consecutive years between fiscal years ended March 2016 and March 2023. Profits have also varied with each fiscal year. SANEI's ordinary profit margin rose to 7.2% in fiscal year ended March 2021 and then fell to 3.4% in fiscal year ended March 2023 due to the impact of soaring resource prices.

In comparison with listed water faucet manufacturers, SANEI's ROE reveals a framework in which a high total asset turnover ratio and a significant level of financial leverage compensate for the low profit margins.

3. Non-Financial Analysis

The source of the company's intellectual capital is the executives' entrepreneurial background, who have continued to uphold SANEI's business policy. The policy that has succeeded since its founding has been reflected in product development and has led to the development of numerous brands. As a result, SANEI has been able to benefit from a virtuous cycle of customer growth, accumulation of intellectual property and know-how and an increase in proposal-based products for its customers.

4. Corporate Strategy Analysis

Issues to be addressed include improving profit margins, diversifying its brand portfolio and increasing higher-end products.

In the medium to long term, SANEI aims to expand its share in the non-residential market, further strengthen its brand and present water-centric overall proposals for residential spaces.

5. Analyst Evaluation

We recognize that the company has consistently adopted a differentiation strategy by offering high-value-added products. While the company aims to add even more value and diversify its business domains, close attention will be paid to the real test of acquiring projects amid competition from overseas brands.

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