

## MIRA INFORM REPORT

Report No. :	539901
Report Date :	15.11.2018

### IDENTIFICATION DETAILS

Name :	SODICK CO LTD
Registered Office :	3-12-1 Nakamachidai Tsuzukiku Yokohama 224-8522
Country :	Japan
Financials (as on) :	31.12.2017
Date of Incorporation :	August 1976
Com. Reg. No.:	0200-01-020736
Legal Form :	Limited Company
Line of Business :	Manufactures NC machine tools, industrial machinery, food machinery, others
No. of Employees :	701

### RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23<sup>rd</sup> January 2017)

<b>MIRA's Rating :</b>	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Good
Payment Behaviour :	Regular
Litigation :	Clear

#### NOTES :

Any query related to this report can be made on e-mail : [infodept@mirainform.com](mailto:infodept@mirainform.com) while quoting report number, name and date.

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**ECGC Country Risk Classification List**

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

## JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

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## **COMPANY SUMMERY**

### **SODICK CO LTD**

**REGD NAME:** Sodick KK

**MAIN OFFICE:** 3-12-1 Nakamachidai Tsuzukiku Yokohama 224-8522 JAPAN

Tel: 045-942-3111 Fax: 045-943-5835

**URL:** <http://www.sodick.co.jp/>

**E-Mail address:** (thru the URL)

**ACTIVITIES:** Mfg of NC electro dischargers

**BRANCHES:** Sendai, Saitama, Nagoya, Osaka, Kyoto, Osaka, other (Tot 19)

**OVERSEAS:** China (3), Singapore, Korea, India (as given), Vietnam, UK, Germany, USA,  
Hong Kong (--subsidiaries)

**FACTORIES:** Fukui, Ishikawa, Kaga; China (4), Thailand

**CHIEF EXEC:** YUJI KANEKO, PRES

**Yen Amount:** In million Yen, unless otherwise stated

<b>SUMMARY:</b>	<b>FINANCES</b>	<b>FAIR</b>	<b>A/SALES</b>	<b>Yen 65,604 M</b>
	<b>PAYMENTS</b>	<b>REGULAR</b>	<b>CAPITAL</b>	<b>Yen 20,780 M</b>
	<b>TREND</b>	<b>UP</b>	<b>WORTH</b>	<b>Yen 55,047 M</b>
	<b>STARTED</b>	<b>1976</b>	<b>EMPLOYES</b>	<b>701</b>

## **COMMENT**

MFR OF NC MACHINE TOOLS. FINANCIAL SITUATION COSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

## **HIGHLIGHTS**

The subject company is pioneer & top-ranked mfr of NC (numerically controlled) electric discharge machines. Holds the top share at approximately 40% in Japan and ranks 2<sup>nd</sup> worldwide. Maintains strong market share in linear motor-driven type lector dischargers. Has mfg bases in China (4) and Thailand. The overseas sales ratio is high. Transferred the function at Yokohama office to the headquarter plant office in Fukui-Pref, except for the financial section. The firm intends to shift to its production to overseas, to reduce exchange risks. It will market linear motors manufactured in-house for internal use to outside firms. It made Sodick Plustech its wholly owned subsidiary through TOB. Advanced into LED lighting and food machinery .with the objective of stabilizing earnings. Fostering noodle-making machines. The overseas sales ratio is high.

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## **FINANCIAL INFORMATION**

The sales volume for Dec/2017 fiscal term amounted to Yen 65,604 million, a 6.13% up from Yen 61,812 million in the previous term. The recurring profit was posted at Yen 7,910 million and the net profit at Yen 5,736 million, respectively, compared with Yen 4,620 million recurring profit and Yen 3,644 million net profit, respectively, a year ago.

For the current term ending Dec 2018 the recurring profit is projected at Yen 8,000 million and the net profit at Yen 5,700 million, respectively, on a 23.47% rise in turnover, to Yen 81,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements.

## **REGISTRATION**

**Date Registered:** Aug 1976  
**Regd No.:** 0200-01-020736 (Yokohama-Tsuzukiku)  
**Legal Status:** Limited Company (Kabushiki Kaisha)  
**Authorized:** 150 million shares  
**Issued:** 53,432,510 shares  
**Sum:** Yen 20,780 million

**Major shareholders (%)**: Company's Treasury Stock (12.1), Japan Trustee Service T (2.5), Toshihiko Furukawa (2.2), T F Ltd (2.1), Customers' Kyosaikai Assn (1.8), Master Trust Bank of Japan T (1.7), SMBC (1.5), Masaaki Suzuki (1.3), Hokuriku Bank (1.3), Japan Trustee Services T9 (1,3); foreign owners (22.3)

**No. of shareholders:** 11,638

**Listed on the S/Exchange (s) of:** Tokyo

**Managements:** Yuji Kaneko, ch; Kenichi Furukawa, pres; Ken'ichi Furukawa, v pres; Keiisuke Takagi, s/mgn dir; Takashi Matsui, s/mgn dir; Misao Fujikawa, s/mgn dir; Sadao Sano, s/mgn dir; Ken'ichi Osako, mgn dir; Hirofumi Maejima, mgn dir; Hideki Tsukamoto, mgn dir; Kenichi Tsugami, dir

Nothing detrimental is known as to the commercial morality of executives.

**Related companies:** Sodick Plastic, Sodick FT, other

## **OPERATION**

**Activities:** Manufactures NC machine tools (72%), industrial machinery (15%), food machinery (5%), others (7%)  
**Overseas Sales Ratio (70%)**

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**(Mfg items):** CNC die-sinker EDM, CNC wire EDM, CNC high-speed small hole drilling EDM, customized EDM & optional equipment (pallet changers & robots), CNC & power supply devices, precision EDM tooling, high speed precision milling center, nano-level precision machines, computer integrated mfg, high-precision injection molding machines, engineering ceramics, linear motors for machine tool & industrial production machines, electrochemical machines, EDM wires, precision tool and precise molding goods, electronic components, software, food machines, other.

**Clients:** [Mfrs, wholesalers] Yuasa Trading, Sodick Europe, Kanematsu KGK, Sodick Singapore, Sodick Inc, Yamazen Corp, Sodick Taiwan, Sodick Thailand, other  
No. of accounts: 1,000  
Domestic areas of activities: Nationwide

**Suppliers:** [Mfrs, wholesalers] Sodick Thailand, Sodick Engineering, THK, Sodick EMG, Sodick FT, Yasukawa Mechatrec, other.

**Payment record:** Regular

**Location:** Business area in Yokohama. Office premises at the caption address are owned and maintained satisfactorily.

**Bank References:**

Bank of Yokohama (Shin-Yokohama)  
Mizuho Bank (Yokohama)  
Relations: Satisfactory

**FINANCES**

**(In Million Yen)**

Terms Ending:	31/12/2018	31/12/2017	31/12/2016	31/12/2015
Annual Sales	81,000	65,604	61,812	65,146
Recur. Profit	8,000	7,910	4,620	5,719
Net Profit	5,700	5,736	3,644	4,167
Total Assets		121,815	109,285	99,722
Current Assets		87,527	78,136	67,846
Current Liabs		36,349	33,009	29,656
Net Worth		55,047	48,613	49,664
Capital, Paid-Up		20,780	20,780	20,780
Div.P.Share(¥)		22.00	19.00	18.00
<b>&lt;Analytical Data&gt;</b>	(%)	(%)	(%)	(%)
S.Growth Rate	23.47	6.13	-5.12	3.26
Current Ratio	..	240.80	236.71	228.78
N.Worth Ratio	..	45.19	44.48	49.80

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R.Profit/Sales	9.88	12.06	7.47	8.78
N.Profit/Sales	7.04	8.74	5.90	6.40
Return On Equity	..	10.42	7.50	8.39

Notes: Forecast (or estimated) figures for the 31/12/2018 fiscal term.

**FOREIGN EXCHANGE RATES**

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.10
UK Pound	1	INR 93.70
Euro	1	INR 81.44
YEN	1	INR 0.63

**Note :** Above are approximate rates obtained from sources believed to be correct

**INFORMATION DETAILS**

<b>Analysis Done by :</b>	VIVR
<b>Report Prepared by :</b>	TRU

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**RATING EXPLANATIONS**

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)