

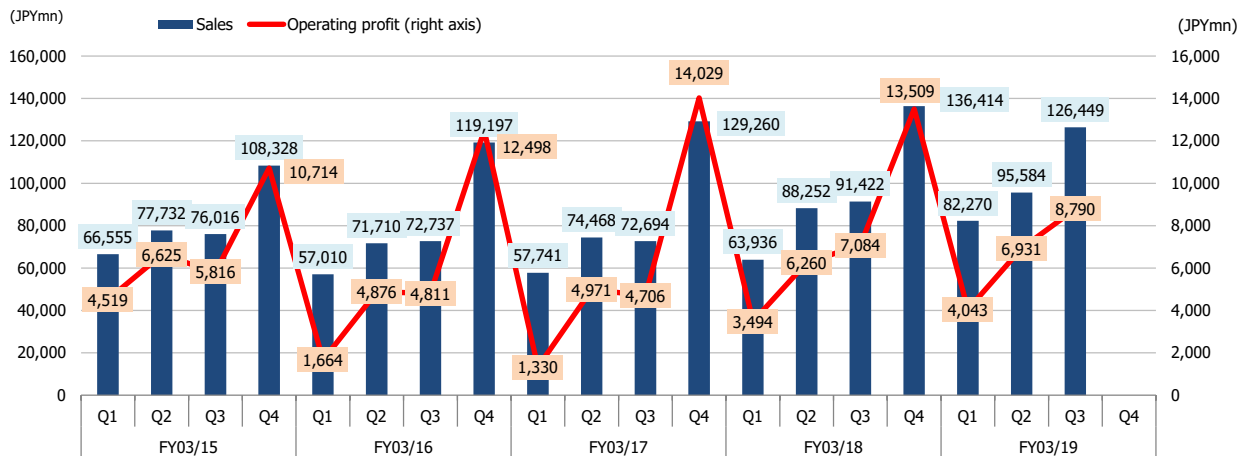
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On **February 8, 2019**, Comsys Holdings Corporation announced earnings results for Q3 FY03/19

Quarterly performance (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/19	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	57,741	74,468	72,694	129,260	63,936	88,252	91,422	136,414	82,270	95,584	126,449			
YoY	1.3%	3.8%	-0.1%	8.4%	10.7%	18.5%	25.8%	5.5%	28.7%	8.3%	38.3%			
Gross profit	6,614	9,920	9,783	19,406	8,568	12,294	12,824	19,747	10,034	12,721	17,622			
YoY	-0.2%	4.4%	-0.2%	11.2%	29.5%	23.9%	31.1%	1.8%	17.1%	3.5%	37.4%			
GPM	11.5%	13.3%	13.5%	15.0%	13.4%	13.9%	14.0%	14.5%	12.2%	13.3%	13.9%			
SG&A expenses	5,284	4,949	5,076	5,377	5,073	6,034	5,741	6,237	5,990	5,790	8,832			
YoY	6.5%	7.0%	1.7%	8.4%	-4.0%	21.9%	13.1%	16.0%	18.1%	-4.0%	53.8%			
SG&A ratio	9.2%	6.6%	7.0%	4.2%	7.9%	6.8%	6.3%	4.6%	7.3%	6.1%	7.0%			
Operating profit	1,330	4,971	4,706	14,029	3,494	6,260	7,084	13,509	4,043	6,931	8,790			
YoY	-20.0%	1.9%	-2.2%	12.2%	162.6%	25.9%	50.5%	-3.7%	15.7%	10.7%	24.1%			
OPM	2.3%	6.7%	6.5%	10.9%	5.5%	7.1%	7.7%	9.9%	4.9%	7.3%	7.0%			
Recurring profit	1,466	4,990	4,778	14,107	3,662	6,320	7,133	13,591	4,248	6,984	9,204			
YoY	-20.8%	-0.4%	-0.7%	12.4%	149.7%	26.7%	49.3%	-3.7%	16.0%	10.5%	29.0%			
RPM	2.5%	6.7%	6.6%	10.9%	5.7%	7.2%	7.8%	10.0%	5.2%	7.3%	7.3%			
Net income attributable to parent company shareholders	1,147	2,981	3,050	7,307	2,611	4,203	4,941	8,635	2,785	4,344	11,143			
YoY	6.9%	-14.2%	10.9%	-10.1%	127.6%	41.0%	62.0%	18.2%	6.7%	3.4%	125.5%			
Net margin	2.0%	4.0%	4.2%	5.7%	4.1%	4.8%	5.4%	6.3%	3.4%	4.5%	8.8%			
Cumulative	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.
Sales	57,741	132,209	204,903	334,163	63,936	152,188	243,610	380,024	82,270	177,854	304,303		64.7%	470,000
YoY	1.3%	2.7%	1.7%	4.2%	10.7%	15.1%	18.9%	13.7%	28.7%	16.9%	24.9%			23.7%
Gross profit	6,614	16,534	26,317	45,723	8,568	20,862	33,686	53,433	10,034	22,755	40,377		63.6%	63,500
YoY	-0.2%	2.5%	1.5%	5.4%	29.5%	26.2%	28.0%	16.9%	17.1%	9.1%	19.9%			18.8%
GPM	11.5%	12.5%	12.8%	13.7%	13.4%	13.7%	13.8%	14.1%	12.2%	12.8%	13.3%			13.5%
SG&A expenses	5,284	10,233	15,309	20,686	5,073	11,107	16,848	23,085	5,990	11,780	20,612		69.9%	29,500
YoY	6.5%	6.7%	5.0%	5.9%	-4.0%	8.5%	10.1%	11.6%	18.1%	6.1%	22.3%			27.8%
SG&A ratio	9.2%	7.7%	7.5%	6.2%	7.9%	7.3%	6.9%	6.1%	7.3%	6.6%	6.8%			6.3%
Operating profit	1,330	6,301	11,007	25,036	3,494	9,754	16,838	30,347	4,043	10,974	19,764		58.1%	34,000
YoY	-20.0%	-3.6%	-3.0%	5.0%	162.7%	54.8%	53.0%	21.2%	15.7%	12.5%	17.4%			12.0%
OPM	2.3%	4.8%	5.4%	7.5%	5.5%	6.4%	6.9%	8.0%	4.9%	6.2%	6.5%			7.2%
Recurring profit	1,466	6,456	11,234	25,341	3,662	9,982	17,115	30,706	4,248	11,232	20,436		59.2%	34,500
YoY	-20.8%	-5.9%	-3.8%	4.6%	149.8%	54.6%	52.4%	21.2%	16.0%	12.5%	19.4%			12.4%
RPM	2.5%	4.9%	5.5%	7.6%	5.7%	6.6%	7.0%	8.1%	5.2%	6.3%	6.7%			7.3%
Net income attributable to parent company shareholders	1,147	4,128	7,178	14,485	2,611	6,814	11,755	20,390	2,785	7,129	18,272		67.7%	27,000
YoY	6.9%	-9.2%	-1.6%	-6.1%	127.6%	65.1%	63.8%	40.8%	6.7%	4.6%	55.4%			32.4%
Net margin	2.0%	3.1%	3.5%	4.3%	4.1%	4.5%	4.8%	5.4%	3.4%	4.0%	6.0%			5.7%

Source: Shared Research based on company data
 Figures may differ from company materials due to differences in rounding methods.
 Company forecasts are based on the most recent figures.

Quarterly sales and operating profit



Source: Shared Research based on company data

On seasonality: A high proportion of projects are completed and delivered in Q4 so sales tend to be higher compared to Q1–Q3.

Q3 FY03/19 results

Overview

- For cumulative Q3 FY03/19, orders were at JPY362.1bn (+24.4% YoY) and sales increased to JPY304.3bn (+24.9% YoY). Orders brought forward totaled JPY217.3bn (+17.5% YoY). Operating profit rose 17.4% YoY to JPY19.8bn and recurring profit rose 19.4% YoY to JPY20.4bn. Net income attributable to parent company shareholders jumped 55.4% YoY to JPY18.3bn.
- Orders received increased by 24.4% YoY, and sales increased by 24.9% YoY: Orders and sales increased in all businesses. Efforts in new business areas responding to increased public investment and ICT investment aiming for renewable energy businesses and a “smart society,” and the contributions of new consolidated subsidiary companies*, played a part.
- Operating profit increased by 17.4% YoY: Although GPM decreased 0.5pp YoY to 13.3%, the SG&A to sales ratio improved by 0.1pp to 6.8%. The company allocated staff to growth business areas, and made efforts to improve construction efficiency and reduce expenses, as well as aiming to accelerate synergies.
- Progress rate: In cumulative Q3 FY03/19, sales achieved 64.7% of the full-year FY03/19 target (cumulative Q3 FY03/19 sales achieved 64.1% of full-year FY03/18 results), operating profit achieved 58.1% (55.5%), recurring profit achieved 59.2% (55.7%), and net income attributable to parent company shareholders achieved 67.7% (57.7%).

*The company made NDS Co., Ltd., SYSKEN Corporation, and Hokuriku Denwa Kouji Co., Ltd. consolidated subsidiaries from Q3 FY03/19.

External environment and company initiatives

As competition in services between mobile carrier companies intensifies, value added services such as contents have expanded. The overall information and communications industry, the company’s main area of business, has begun building the mobile network environment to handle the large volumes of surging traffic accompanying the diversifying and increasing functions of smartphones and tablets.

Comsys continues to focus its ICT investment on key areas of innovation. It is engaged in renewable energy activities, such as the construction of solar and biomass power generation facilities, and is looking at ways of driving its top line through developing new business areas and implementing M&A in response to increased public investment and development of ICT for the “smart society.” Comsys has also looked to improve profits by allocating staff to growth business areas, streamlining construction efficiency, and cutting costs.

Sales and orders by segment

NTT Engineering

Orders totaled JPY164.5bn (+16.6% YoY); 76.5% of the full-year target
Sales were JPY141.5bn (+14.6% YoY); 65.7% of the full-year target

NCC Engineering

Orders totaled JPY33.5bn (+19.6% YoY); 77.9% of the full-year target
Sales were JPY27.5bn (+17.0% YoY); 67.1% of the full-year target

IT Solutions

Orders totaled JPY58.5bn (+29.1% YoY); 77.0% of the full-year target
Sales were JPY44.0bn (+23.6% YoY); 60.7% of the full-year target

Social Systems

Orders totaled JPY105.4bn (+37.4% YoY); 67.6% of the full-year target
Sales were JPY91.1bn (+49.6% YoY); 64.6% of the full-year target

Sales and orders by segment, orders carried over

Orders and sales by segment (JPYbn; cumulative)	FY03/17				FY03/18				FY03/19				FY03/19		Q3 FY03/18
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	% of FY	FY Est.	% of FY
Orders															
NTT Engineering	46.0	100.3	150.4	203.5	45.7	94.7	141.1	184.5	44.8	88.9	164.5		76.5%	215.0	76.5%
YoY	4.1%	8.5%	7.7%	8.0%	-0.6%	-5.6%	-6.2%	-9.3%	-2.0%	-6.1%	16.6%			-11.6%	
NCC Engineering	4.9	12.2	19.3	28.4	7.7	17.1	28.0	39.2	8.4	17.3	33.5		77.9%	43.0	71.4%
YoY	-10.9%	-4.4%	1.0%	5.8%	55.9%	40.2%	45.1%	38.0%	9.1%	1.2%	19.6%			8.9%	
IT Solutions	11.8	26.3	40.4	55.3	13.8	29.3	45.3	60.4	17.7	33.5	58.5		77.0%	76.0	75.0%
YoY	-6.6%	8.1%	10.7%	6.0%	16.6%	11.4%	12.1%	9.2%	28.3%	14.3%	29.1%			12.1%	
Social Systems	21.9	39.6	66.0	82.8	12.1	51.7	76.7	118.0	26.6	50.3	105.4		67.6%	156.0	65.0%
YoY	19.5%	20.2%	28.2%	28.6%	-44.8%	30.6%	16.2%	42.5%	119.8%	-2.7%	37.4%			88.4%	
Total	84.8	178.6	276.3	370.1	79.4	193.0	291.1	402.2	97.7	190.1	362.1		73.9%	490.0	72.4%
YoY	5.0%	9.8%	11.9%	11.5%	-6.4%	8.1%	5.4%	8.7%	23.0%	-1.5%	24.4%			32.4%	
Sales															
NTT Engineering	33.2	73.7	114.7	184.5	36.1	79.6	123.5	185.9	38.7	80.6	141.5		65.7%	215.5	66.4%
YoY	0.2%	3.4%	1.7%	1.1%	8.7%	8.0%	7.7%	0.8%	7.2%	1.3%	14.6%			16.8%	
NCC Engineering	4.5	9.9	16.2	27.4	6.0	14.6	23.5	35.7	7.3	16.2	27.5		67.1%	41.0	65.8%
YoY	-11.3%	-18.4%	-11.3%	0.8%	32.3%	47.5%	45.1%	30.3%	21.7%	11.0%	17.0%			7.6%	
IT Solutions	8.7	21.0	31.9	55.0	9.9	22.8	35.6	59.0	11.0	26.3	44.0		60.7%	72.5	60.3%
YoY	-5.0%	-3.4%	-1.5%	8.5%	13.0%	8.6%	11.6%	7.3%	11.1%	15.4%	23.6%			8.9%	
Social Systems	11.1	27.3	41.9	67.1	11.7	35.0	60.9	99.2	25.0	54.5	91.1		64.6%	141.0	61.4%
YoY	18.1%	17.4%	11.0%	11.7%	6.0%	28.2%	45.3%	47.8%	113.7%	55.7%	49.6%			110.1%	
Total	57.7	132.2	204.9	334.1	63.9	152.1	243.6	380.0	82.3	177.8	304.3		64.7%	470.0	64.1%
YoY	1.3%	2.7%	1.7%	4.2%	10.7%	15.1%	18.9%	13.7%	28.7%	16.9%	24.9%			40.7%	
Balance carried forward															
NTT Engineering	68.6	82.4	91.6	74.9	84.5	90.0	92.5	73.4	79.5	81.7	96.4				
YoY	12.5%	15.9%	19.3%	34.1%	23.0%	9.2%	1.0%	-2.0%	-5.9%	-9.2%	4.2%				
NCC Engineering	4.3	6.2	7.0	5.0	6.6	7.5	9.5	8.5	9.5	9.5	14.4				
YoY	-6.4%	28.6%	39.5%	26.9%	54.3%	21.0%	35.7%	70.0%	43.9%	26.7%	51.6%				
IT Solutions	16.4	18.6	21.9	13.6	17.5	20.1	23.3	15.0	21.7	22.3	29.5				
YoY	7.0%	28.7%	36.2%	1.8%	6.5%	8.1%	6.4%	10.3%	24.0%	10.9%	26.6%				
Social Systems	38.9	40.3	52.1	43.7	44.1	60.4	59.5	62.5	64.0	58.2	76.9				
YoY	-4.8%	-2.9%	14.3%	20.8%	13.3%	49.9%	14.2%	43.0%	45.1%	-3.6%	29.2%				
Total	128.4	147.7	172.7	137.3	152.8	178.2	184.9	159.5	175.0	171.8	217.3				
YoY	5.2%	11.8%	20.3%	25.4%	19.0%	20.7%	7.1%	16.2%	14.5%	-3.6%	17.5%				

Source: Shared Research based on company data
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This note is the most recent addition to the [full report](#).

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